



Anti-nuclear campaigners shouting slogans against testing Wednesday near the Indian Parliament in New Delhi.

Nuclear Honeymoon Ends in India

After Popular Acclaim for Tests, Protests Erupt in Parliament

By John F. Burns
New York Times Service

NEW DELHI — Only two weeks after India detonated the last of five underground nuclear tests to an explosion of popular acclaim, Prime Minister Atal Bihari Vajpayee and his government ran into a storm of protest in Parliament on Wednesday that reflected a growing disquiet among Indians about the risks of India's becoming a nuclear weapons state.

The scene in Parliament appeared to stun Mr. Vajpayee and other senior Hindu nationalist leaders who head the government. Instead of the acclaim that swept over the government immediately after the tests, when polls showed public support for the blast running at levels of more than 90 percent, some of India's best-known politicians used the first parliamentary sitting since the explosions to accuse the government in some of the harshest language used in Parliament in years.

In speeches carried throughout India on a live television broadcast, the opposition leaders accused the Vajpayee government of isolating India in the international community, of courting economic disaster because of the trade, banking and aid sanctions imposed by the United States and other nations, and even of risking a new war with Pakistan because of the state of triumphalist warnings that top ministers have issued to the Islamabad government since the tests.

But the central theme of many of the attacks was that the Hindu nationalists, in office only two months after winning barely a quarter of the popular vote in a general election, have betrayed the interests of the 350 million Indians who live in dire poverty, as well as many others in this nation of 980 million people, by committing India to the huge costs involved in developing, deploying and maintaining an arsenal of nuclear missiles.

"It's a great achievement for India, but we can't even supply ordinary drinking water and electrical power to the people of this country," said Indrajit Gupta, a Communist who was one of the top ministers in the coalition government that ruled for 20 months until March, when the elections transferred power to a new, 14-party coalition headed by the Hindu nationalists.

"Where does all this lead to, how does it all add up?" he said. The parliamentary session came as developments at home and abroad shifted the attention of many Indians from

See STRIKE, Page 4

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South Korean Workers Start Nationwide Strike

By Mary Jordan
Washington Post Service

SEOUL — Defying government threats of arrest, tens of thousands of workers walked off the job Wednesday in a new display of labor unrest that threatens to plunge South Korea into another financial crisis.

South Korean union leaders said that the national work stoppage would be followed by another Thursday and that the walkouts would continue until the government halted layoffs. An average of 8,000 people are losing their jobs daily, raising the unemployment rate to 6.7 percent, nearly triple the level of a year ago.

"I have almost no money left," said Yoon Chang Shik, a union organizer that stood on a stage in front of 2,000 chanting workers at Seoul Station, a main traffic hub. "I haven't been paid in four months, and it is getting very difficult for me."

Hundreds of riot police with shields and steel helmets watched as the protesters, some in suits and tie, sat on the pavement, raising their fists and shouting, "No more mass layoffs!"

As the government had warned, the defiant labor action sent the value of the won, the South Korean currency, dropping sharply against the dollar. The Korea Stock Exchange composite index recovered slightly Wednesday, apparently because there were no reports of violence between police and strikers, but the market is still in a precariously weak state. It has fallen 12 percent so far this week to an 11-year low.

Government officials who on Tuesday were taking a hard line against the proposed strike, calling it illegal and threatening arrests, changed tactics Wednesday. Apparently realizing that public sentiment was against the militant Korean Confederation of Trade Unions, which organized the strike, the government decided not to confront strikers or provoke violence. An official said the government was seeking to contain the damage that the labor unrest is causing among foreign investors.

In addition to a militant labor union breaking off talks with the government Wednesday, the drastic fall of the Japanese yen against the dollar sent a shudder through South Korea. Japan and South Korea export many of the same products, including cars, ships and electronics, and as Japanese goods become cheaper than they have in years, South Korea fears its key avenue to recovery, exports, is being blocked.

Newstand Prices			
Andorra.....	10.00 FF	Lebanon.....	LL 3,000
Antilles.....	12.50 FF	Morocco.....	16 Dh
Cameron.....	1,600 CFA	Oman.....	10.00 QR
Egypt.....	EE 5.50	Réunion.....	12.50 FF
France.....	10.00 FF	Saudi Arabia.....	10 SR
Gabon.....	1,100 CFA	Senegal.....	1,100 CFA
Italy.....	2,800 Lire	Spain.....	225 Ptas
Ivory Coast.....	1,250 CFA	Tunisia.....	1,250 Din
Jordan.....	1,250 JD	U.A.E.....	10.00 Dh
Kuwait.....	700 Fils	U.S. M.R. (Eur).....	\$1.20

Major Stock Markets Fall Amid Anxiety Over Asia

Risk of Hong Kong Recession Sparks a Sell-Off

By Mitchell Martin
International Herald Tribune

NEW YORK — Warnings that Hong Kong is headed for recession and that Japan's banking system may be in trouble sent the world's stock markets into a fresh tailspin Wednesday.

Share prices plunged across Asia and Europe, and the Dow Jones industrial average in New York, which fell 150 points Tuesday, lost another 150 points Wednesday before recovering to end just 27.16 points lower, at 8,936.57.

In Hong Kong, stocks plunged more than 5 percent after the territory's chief executive, Tung Chee-hwa, warned that Hong Kong could join some of its Asian neighbors in falling into a full-blown recession, raising fears that the entire region might be headed for another round of financial turmoil.

Among the worst-hit markets, however, were those of emerging economies, and particularly that of Russia, where investors fled at the sight of a government bailing to avoid a collapse of the ruble.

The Russian central bank tripled interest rates to a four-year high of 150 percent to try to lure investors into buying fresh government debt, and the stock market fell more than 9 percent.

In Europe, Germany's benchmark index fell 3.1 percent, France's was down 2.4 percent, and Britain's lost 1.7 percent. Latin American markets also fell before recovering late, in step with the Dow.

Earlier, in Asia, Hong Kong's Hang Seng Index tumbled 5.3 percent, and Japan's Nikkei 225 slid 1.4 percent.

Much of the impetus for the wild stock trading came from fresh fears for the health of Japan's banking system, as well as that of Indonesia. Moody's Investors Service issued one of its strongest warnings Wednesday regarding Japan's banking system as it downgraded the country's largest bank and four others. Separately, Moody's warned that Indonesia's entire banking system was "broadly insolvent."

Illustrating the worries Wednesday was a warning from Boeing Co., which said "the Asian situation may mean downward pressure on production rates," especially for its 747 jumbo jets. The company said, however, that so far most airlines in Asia were taking delivery of planes they had ordered for this year. (Page 13)

The decline in European and American equity markets was broad-based but not panicky. One difference, however, is that European markets generally advanced Tuesday, while the U.S. markets fell sharply late in the day, setting the stage for the declines in Asia on Wednesday.

The U.S. Treasury bond market, often a haven in times of crisis, benefited from the stock-market worries. The 30-year issue was yielding 5.84 percent Wednesday, receding from the 6 per-

cent level it breached this month. After hovering around the 9,200 level for most of May, the Dow has slipped back as investors apparently are recalculating the outlook for corporate earnings as the economy slows.

Edward Collins, head of equity trading at Daiwa Securities Inc., said, "It's a combination of people being somewhat afraid of the Asian flu and the extent that the Asian situation is going to effect earnings here."

Additionally, Mr. Collins said, the U.S. government's increasingly tough stance toward corporate takeovers, such as WorldCom Inc.'s purchase of MCI Communications Corp., as well as the antitrust actions against Microsoft Corp., are weighing on sentiment in a market that has been rising for years.

"It was probably time for us to have a correction of some kind," Mr. Collins said, "and we needed an excuse." How much of a correction is hard to predict, Mr. Collins said, but he noted that stock prices had been rising faster than the historic long-term rate of about 11 percent a year for most of the 1980s and 1990s.

See MARKETS, Page 14

Japan Reaps Blame as Crisis Grows

Asia's Economic Engine Now 'Pulling Backward'

By Alan Friedman
International Herald Tribune

ROME — From Manila to Moscow and from Seoul to Frankfurt, warnings that economic stagnation in Japan threaten to aggravate Asia's financial crisis and hurt the world economy now appear to be coming true.

Although the market turmoil Wednesday was triggered by a cluster bomb of bad news ranging from the downgrading of Japan's top banks to recession in Hong Kong, labor unrest in South Korea and a warning that Indonesia's banking system was "broadly insolvent," economists say the biggest problem is that Japan, Asia's nominal powerhouse, is more hindrance than help to its troubled neighbors.

Instead of providing desperately needed cash loans or investment to its capital-starved partners in East Asia, Japan is paralyzed by a stand-still economy, an unresolved banking crisis and political indecision that is holding up tax cuts and financial-sector reforms that would also benefit the entire region.

At the same time, Japan's contracting economy is not able to aid other troubled Asian nations by buying their goods. Even worse, the rapidly depreciating yen means that Tokyo is now competing more aggressively on world markets with the problem-plagued countries of Asia, especially South Korea, which need to export to survive their crisis.

That means that the falling yen threatens to trigger another round of currency devaluations across Asia, which in turn risks sending the world financial markets into further turmoil or worse.

"Japan is the locomotive of Asia, but it is pulling backward," said Kenneth Courtis, the Tokyo-based chief economist for Deutsche Bank's Asia-Pacific operations. Mr. Courtis said the market turmoil that swept Asia on Wednesday.

See ECONOMY, Page 19

NATO Draws Line on Kosovo

Alliance to Deploy Forces in Countries Bordering Province

By Joseph Fitchett
International Herald Tribune

PARIS — NATO is set to authorize Thursday the deployment of alliance forces, possibly in units numbering several thousand men, in countries bordering Kosovo in a bid to prevent the conflict there from escalating, according to officials at NATO headquarters.

Almost immediately, an 800-man U.S. force in Macedonia will be beefed up as NATO opens a base at Kriovolac, a former Yugoslav Air Force headquarters near the border of the Serbian province that has seen sharp clashes between Serbian forces and ethnic Albanians.

NATO is also set to "examine" — a phrase that in practice means prepare — an allied force involving about 7,000 troops that could be sent to Albania if needed to help the authorities patrol their frontier. Macedonia and Albania have called for NATO troops to help them avoid being sucked into the fighting between Serbs and the local Muslim majority of ethnic Albanians.

"What's significant and makes this more important than it may look," a U.S. policymaker in Washington said by telephone, "is that NATO is formally involving itself in preventive peacekeeping for Kosovo and therefore somehow in a resolution there."

The Clinton administration, Germany and some other NATO allies would have liked to go further and specifically mention armed intervention in Kosovo as an ultimate option if Serbian troops continue to escalate their campaign. NATO officials said.

But some allies, especially Greece, which has strong sympathies with Serbia, resisted explicit language that would fly in the face of Serbia's opposition to any international involvement in what Belgrade says is an internal problem.

But NATO has left intervention as an option on its list of possible measures, a European policymaker said, adding that "we believe, along with the Americans, that the text shows that we mean business, including very tough business."

The message is meant mainly for

the crackdown this time is the unusual lengths companies are going to and the fact that it is being done in the midst of a roaring economy. Business travel amounted to about \$156 billion last year, according to American Express.

An indication of companies' determination can be gleaned from a survey released this month by the National Business Travel Association, whose 1,200 travel manager members booked \$21 billion in air fares last year and \$29 billion in other travel expenses.

Through March of this year, 62 percent of member companies reported using lower-priced advance-purchase

employees from its upstate New York plant two hours to Toronto, to save about \$1,000 a ticket.

And when the trip is a short one — say, four or five hours by car — Dresser, Bell Atlantic and many other companies are urging employees to drive, not fly.

In short, corporate America has grown increasingly irritated by steadily rising business air fares, especially to smaller cities. In response, companies are giving more and more of their employees less and less choice and flexibility in making travel arrangements.

Many companies, in fact, dictate not only what airlines employees can fly on — if they let them fly at all — but

See FRUGAL, Page 7

Jakarta Under Pressure on East Timor

U.S., Australia and Portugal Call for the Release of Resistance Leader

By Michael Richardson
International Herald Tribune

JAKARTA — Indonesia came under mounting pressure Wednesday to resolve one of its most contentious foreign policy problems — East Timor — as the United States, Portugal and Australia called for the release of the imprisoned East Timorese resistance leader to hasten a settlement.

Analysts said the resignation of President Suharto, who authorized the invasion of the Portuguese colony in 1975 and its annexation the following year, had opened the way for the new government of President B.J. Habibie to take a more flexible approach on the issue, which has damaged Indonesia's international reputation.

Evidently taking heed of the intense foreign interest in the fate of political prisoners from the Suharto era, Jakarta allowed Christopher Smith, a member of the U.S. Congress, to meet Wednesday with the East Timorese guerrilla leader, Xanana Gusmao, in the Jakarta prison where he is being held.

In the past, the Indonesian government and military have rejected calls for the release of Mr. Gusmao — who was arrested in the East Timor capital, Dili, in 1992, and later sentenced to 20 years in prison — on the ground that he was convicted of separatism, a criminal offense in Indonesia.

So far, the Habibie administration, which held its first cabinet meeting Monday, has freed only two of about 200 people detained for what in the West would generally be regarded as political offenses.

See TIMOR, Page 8



Residents of Jakarta listening to President Habibie.

See KOSOVO, Page 8

U.S. Firms Bring Travel Budgets Back to Earth

By Edwin McDowell
New York Times Service

NEW YORK — American corporate air travel is no longer the land of the blank check.

Seagram Co. sometimes suggests that employees headed for San Francisco fly instead to San Jose, California, then make the hour-plus drive north, saving hundreds of dollars on fares.

Bell Atlantic Corp., rebelling at the high fares out of Charleston, West Virginia, where it has a local headquarters, often charters a small plane to Washington or other cities.

Dresser Industries Inc. has been known to chauffeur London-bound

employees from its upstate New York plant two hours to Toronto, to save about \$1,000 a ticket.

And when the trip is a short one — say, four or five hours by car — Dresser, Bell Atlantic and many other companies are urging employees to drive, not fly.

In short, corporate America has grown increasingly irritated by steadily rising business air fares, especially to smaller cities. In response, companies are giving more and more of their employees less and less choice and flexibility in making travel arrangements.

Many companies, in fact, dictate not only what airlines employees can fly on — if they let them fly at all — but

also what hotels and rental car companies they must use. And video conferences are more often pushed as an alternative to a trip.

Some employees resist switching from a favorite airline or hotel, but companies are making that harder.

"If they still insist on traveling out of policy," said Bob Grant, who runs the travel program at Charles Schwab & Co., "they have to go to the executive vice president for approval. That usually convinces them they don't want to do it."

Over the years, companies have repeatedly tried to hold down travel costs, particularly when profits and the economy are weak. The difference in

AGENDA

Paris Title Quest Ends for Sampras

Pete Sampras's quest to win the one Grand Slam tennis title that has eluded him failed again Wednesday with a straight-set, second-round loss in the French Open to 97th-ranked Ramon Delgado of Paraguay.

The loss by Sampras meant that after only three days of play, the French tournament is now without its top two seeds. Petr Korda, No. 2, was upset Tuesday by another South American, Argentine Mariano Zabaleta. Page 22.

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Sports Pages 22-23

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THE AMERICAS

Mexico Border
y Count' Rise

Welfare Recipients Hold On to Jobs, Companies Find

By Robert Pear
New York Times Service

WASHINGTON — Some companies hiring welfare recipients say they have found, to their surprise, that such workers stay on the job longer, with less turnover, than other employees.

The findings run counter to the expectations of skeptics, who have said that welfare recipients lack the skills and motivation needed to hold jobs.

Giant Food Inc., Marriott International Inc., Salomon Smith Barney Inc., Sprint Corp., United Airlines, United Parcel Service and Xerox Corp. said they had made systematic efforts to hire welfare recipients in the last year. In separate interviews, executives at those companies said they had retained a larger proportion of former welfare recipients than of other entry-level employees.

"It's been a real pleasant surprise for us," said Ricki Crescenzi, manager of employment at Giant Food, a regional supermarket chain based in Maryland.

The company hired more than 100 welfare recipients as cashiers, pharmacy clerks, baker's assistants and apprentice meat cutters. After 90 days, she said, 79 percent of the welfare recipients were still on the job, while the retention rate for other employees in similar jobs was 50 percent.

Janet Tully, director of community employment and training at Marriott, said her company hired 360 welfare recipients last year and had hired 100 so far this year, with retention rates similar to those reported by Giant.

The efforts to hire welfare recipients come in the context of a tight U.S. job market, and they have several features in common. Most of the companies work with local government agencies or nonprofit community organizations that recruit and train welfare recipients for particular jobs.

Many of the employers use mentors, job coaches or some type of "buddy" system to help welfare recipients learn skills needed for their jobs. Many offer welfare recipients extra help with child care and transportation to and from work.

Welfare specialists sounded a note of caution, saying some people who are still on welfare might have more difficulty getting and holding jobs. These include homeless people, drug addicts, people with mental illnesses, convicted felons, battered women and people with limited ability to read or speak English.

Ms. Tully attributed the high retention rates at Marriott to the "training, personal attention, coaching and counseling" given to welfare recipients. "That's a luxury that a lot of other employees don't have," she said.

LaDonna Paventi, a welfare expert at Mathematica Policy Research, said welfare recipients had access to job-training, child-care and transportation services that were not available to people "hired off the street." For example, she said, "In Massachusetts, if you find a job while you're on welfare, you are guaranteed child care."

The work requirements of the 1996 welfare law may also be a factor, Ms. Paventi said. "Welfare recipients have a mandate to work," she said. "If they lose this job, they'll have to get another one. That may encourage them to stay."

Barbara Silvan, senior vice president of Salomon Smith Barney, said the brokerage had retained all but four of the 53 welfare recipients it hired in the last year.

Starr's Team Is Painstakingly Retracing Lewinsky Steps

By Susan Schmidt
Washington Post Service

WASHINGTON — Investigators for the independent counsel Kenneth Starr have spent months methodically reconstructing the details of Monica Lewinsky's life as told to her friend Linda Tripp in secretly recorded conversations. They have subpoenaed billing records of her purchases, excavated her computer files, interviewed her girlfriends and questioned her mother.

Lawyers for witnesses said Mr. Starr's office had been trying to substantiate Ms. Lewinsky's statements in the more than 20 hours of tape recordings, looking for independent evidence to prove the accuracy of even her innocuous descriptions of daily activities as well as to corroborate her alleged claims that she had had an affair with President Bill Clinton and was being urged to lie about it in the now-dismissed Paula Jones lawsuit.

"They are making a map of everything she's been and everything she's done," said Lucianne Goldberg, the New York literary agent who has heard some of the tapes and closely watched the public progress of the investigation. It was Ms. Goldberg who urged her friend Ms. Tripp to tape Ms. Lewinsky.

Ms. Lewinsky's telephone records, e-mail correspondence and logs of entry and exit to

the White House that show she returned there 37 times after leaving to work at the Pentagon are part of the record of Ms. Lewinsky's movements and communications that Mr. Starr has assembled.

And that process isn't over yet. Sources said Mr. Starr's investigators have told Ms. Lewinsky they want her to submit a handwriting sample and fingerprints Wednesday at the federal building in West Los Angeles to be analyzed by the FBI, pursuant to a wide-ranging subpoena issued to her this year.

Ms. Lewinsky could try to disavow the substance of her taped comments about Mr. Clinton — perhaps claiming, as her lawyer has intimated, that she was embellishing the facts when she said she was having an affair with Mr. Clinton and being pressured to lie about it by Mr. Clinton and the Washington lawyer Vernon Jordan Jr., who was enlisted to help find her a job in New York.

If that happens, prosecutors could seek to show that she was telling the truth to Ms. Tripp by proving that her other recorded statements are accurate.

For example, prosecutors, armed with a stack of subpoenaed telephone records, have questioned Mr. Jordan in painstaking detail about more than a dozen phone calls with Mr. Clinton in the six weeks before the scandal about Ms. Lewinsky's broke.

A Jordan associate said the presidential

confidant was grilled in three sessions before the grand jury by prosecutors as they tried to match the times, dates and subjects of his calls with Mr. Clinton to the description of events Ms. Lewinsky detailed to Ms. Tripp.

"They are footnoting the tapes and supplementing them," said John Barrett, who teaches criminal law at St. John's University law school.

"That's what the bookstore stuff is about," said Ms. Goldberg, referring to Mr. Starr's controversial subpoena to a Washington shop for records of Ms. Lewinsky's purchases, which include the 1992 novel "Vox" about phone sex. "Vox" is on the tapes — that's what it's all about," Ms. Goldberg said.

Similarly, Mr. Starr has subpoenaed advertising billing records from The Washington Post that show that Ms. Lewinsky purchased a personal ad for Valentine's Day last year that was addressed to "Handsome" and signed "M." The ad quoted lines from Shakespeare's "Romeo and Juliet": "HANDSOME With Love's light wings did I o'er-perch these walls; For story limits cannot hold love out, / And what love can do, that dares love attempt. — Romeo and Juliet 2:2 Happy Valentine's Day, M."

Ms. Lewinsky was recorded telling Ms. Tripp that she had placed the valentine advertisement for Mr. Clinton and that he was "ga-ga" over it, according to a source.

A Washington courier service was subpoenaed for records showing that Ms. Lewinsky sent parcels from her Pentagon office to Betty Currie, the president's secretary, and Mrs. Currie, sources said, has turned over to Mr. Starr a box of gifts from Mr. Clinton to Ms. Lewinsky that she retrieved when the Jones lawyers sought them from Ms. Lewinsky under subpoena.

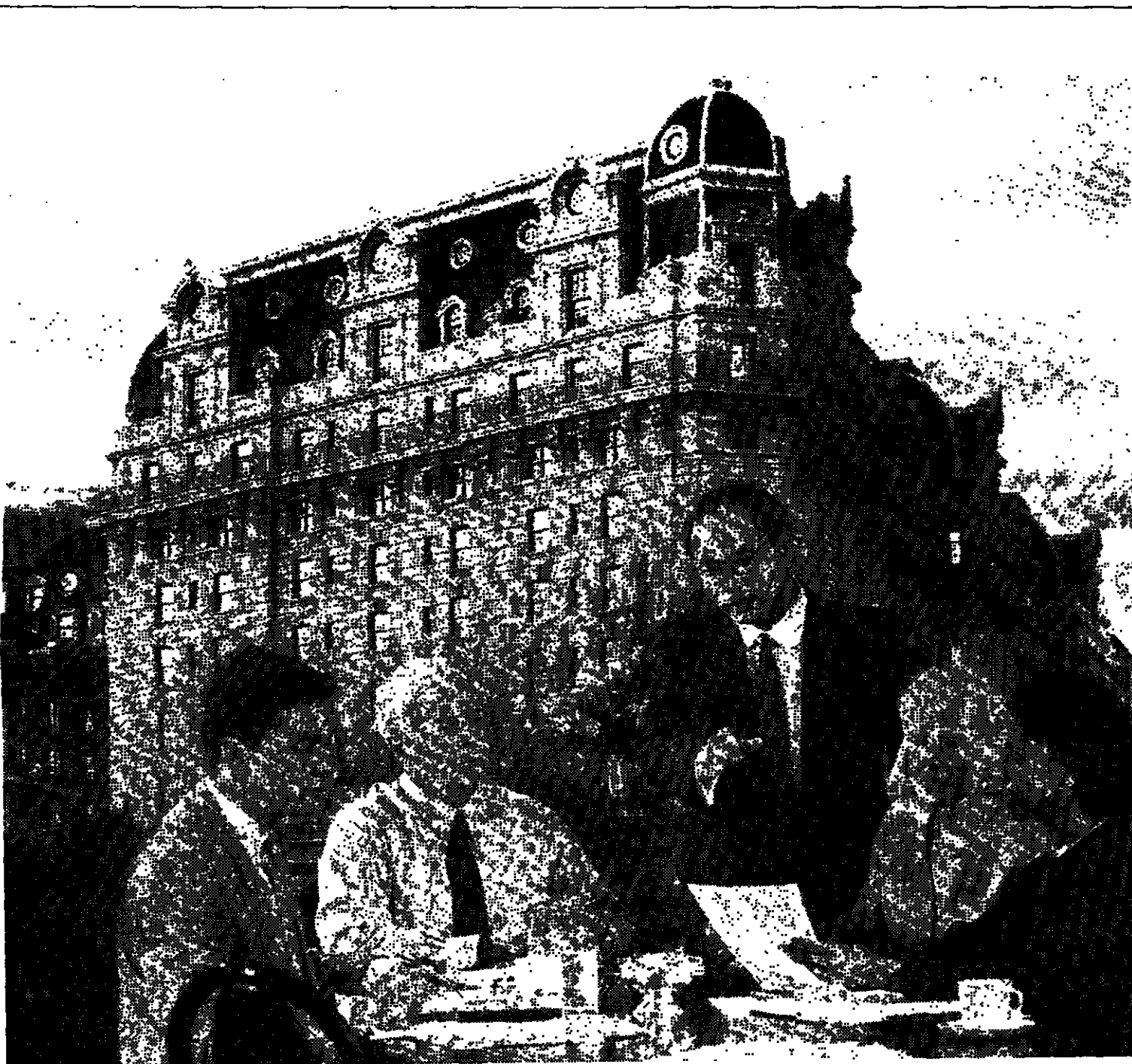
Mr. Starr has also subpoenaed Ms. Lewinsky's credit card receipts, from which he could try to learn about gifts from her to Mr. Clinton, including a tie, which she allegedly told Ms. Tripp about.

"It all adds up to binders of Lewinsky evidence that can be used to examine her," Mr. Barrett said.

The Lewinsky family is reportedly looking to hire a new criminal lawyer amid signs they have concluded Ms. Lewinsky now faces the imminent possibility of indictment if she does not make a deal and tell her story to the grand jury. Potential charges could include perjury, obstruction and subornation of perjury for allegedly pressing Ms. Tripp to lie in the Jones case.

"We are anticipating the full boat," William Ginsburg, one of Ms. Lewinsky's lawyers, said last week.

"We are assuming there will be a grand jury appearance," he said, and "we are assuming there will be an indictment."



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POLITICAL NOTES

Lawyer Named to Investigate Clinton's Labor Secretary

WASHINGTON — A prominent Maine trial lawyer has been appointed the independent counsel who will investigate allegations that Labor Secretary Alexis Herman solicited illegal campaign contributions and engaged in influence peddling while a White House aide.

A special three-judge appeals panel named Ralph Lancaster Jr., 68, of Portland, to the post. Mr. Lancaster, who has no previous prosecutorial experience, is a past president of the American College of Trial Lawyers.

Attorney General Janet Reno asked for an outside prosecutor earlier this month. Mrs. Reno said she did so because she was unable to dismiss the accusations made against Ms. Herman by an African businessman, Laurent Yene, who lodged the charges after a bitter ending to a romantic and business relationship with a close friend of Ms. Herman's.

He alleged that Ms. Herman, while head of the White House Office of Public Liaison, agreed to accept 10 percent of any business she helped generate for a private venture owned by Mr. Yene and Ms. Herman's friend, Vanessa Weaver. He also charged that Ms. Herman told Ms. Weaver to seek donations for the Democratic Party from a Singapore businessman who wanted to secure help on a federal license for a satellite phone network. (WP)

Congressmen Win in Kentucky

LEXINGTON, Kentucky — Two members of the House of Representatives from Kentucky have gotten a step closer to the Senate by winning primaries to fill the seat being vacated by Wendell Ford, a Democrat.

Representative Jim Bunning, 61, a six-term conservative Republican who once pitched a perfect game for the Philadelphia Phillies, easily defeated State Senator Barry Metcalf with 75 percent of the vote.

It was not as easy for the winner of the Democratic primary, Representative Scotty Baesler, 56, a tobacco farmer and lawyer who was elected to the House in 1992.

He defeated Charlie Owen, a businessman, and Lieutenant Governor Steve Henry. With 99 percent of precincts reporting, Mr. Baesler had 33 percent of the vote, Mr. Owen 30 percent and Mr. Henry 27 percent. Three other candidates shared the rest. (NYT)

Quote/Unquote

Jerry Brown, governor of California from 1975 to 1983 and now running for mayor of a gritty California city long cited as a textbook example of urban decline: "Oakland is the unfinished agenda of America. It's all here, if we can work to create unity. This is not just a campaign, it's a movement, a cause." (Reuters)

Away From Politics

• All of the glaciers in Glacier National Park in Montana will be gone in the next 50 to 70 years, according to researchers who have been measuring the rate at which glaciers are melting around the world. (AP)

• A federal judge in Manhattan ruled that the administration of Mayor Rudolph Giuliani was violating the First Amendment rights of taxi drivers by preventing them from protesting regulations and fines that the city is seeking to impose on their industry. But the city's lawyers immediately won a stay of the ruling. (NYT)

• Hunger among immigrant families in two of California's largest counties has increased at an alarming rate since September 1997 when a federal welfare reform act mandated that noncitizens be cut from government food stamps, a study has found. (LAT)

• Trustees of the City University of New York voted to exclude any student from its four-year colleges who is not proficient in reading, writing and arithmetic. (NYT)

BRIEFLY

"Since we have had this 32 years of monolithic regime, we are not used to these differences of opinion," he said. "The state of the opposition is there are many chiefs and no Indians."

"Remember," he said, "the lives of our families are at stake."

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50 years ago: The majority of the Palestinian people were displaced and dispossessed. One nation was created, another was exiled.

This year the Palestinian people observe the 50th anniversary of their *Nakba* (national catastrophe), the displacement of a people and the exile of a nation. Palestinian history was falsely reduced to the slogan "A land without a people for a people without a land." Yet the Palestinians, Moslems and Christians alike, have been struggling for 50 years to achieve their inalienable political and human rights, and to preserve their history, culture and identity in their ancestral homeland, Palestine.



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The Museum will record the tragedy of *Al Nakba*, the uprooting of the Palestinian people, and the decades of exile and dispersion. It will document the continuing resistance and struggle for national rights, independence, peace, and justice in Palestine. It will also preserve the memory of hundreds of Palestinian villages and towns, especially those that were completely erased from the map, and all the men, women and children who paid with their lives in defense of their cause.

The Welfare Association invites all Palestinians and their friends to support the Museum and to contribute to its permanent archives, displays and activities by offering documents, photographs, letters, books, and other historical materials and experiences, whether written or oral.

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For further information
Palestine Life and Remembrance Museum
<http://www.palestine-remembrance.org>

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50 years: Siege, exile and fortitude

EUROPE

Italy Seeks to Indict Crew Of Jet in Ski-Lift Deaths

4 U.S. Pilots Could Face Another Trial in Absentia

By Alessandra Stanley
New York Times Service

ROME — Italian prosecutors have asked a judge in northern Italy to issue indictments for multiple manslaughter against the four crew members of the Marine jet that sliced through ski lift cables last February and killed 20 people. The prosecutors also moved to indict the crew's commanding officers on the same charges.

The four crew members have been charged with involuntary manslaughter and other offenses by United States military prosecutors.

The Marine Corps held hearings last month to determine whether two of the crew members should be court-martialed and plans hearings next month for the other two. Two senior officers are not facing a court-martial but instead could be subject to administrative penalties.

The Marine Corps has said that the plane — an EA-6B Prowler based at the NATO Air Base in Aviano, Italy — was flying too low and too fast during a training exercise. The United States claimed jurisdiction under the North Atlantic Treaty Organization's charter, which specifies that governments have jurisdiction over their personnel who are accused of crimes in the line of duty in foreign countries.

The Italian government initially asked the Americans to waive jurisdiction, but when the Americans declined, the Italians did not try to prevent them from proceeding with their own investigation.

During his recent state visit, Prime Minister Romano Prodi of Italy praised President Bill Clinton for his "quick" response to the accident, but added, "I am awaiting for the future development of the case."

The Italian prosecutors, who are based in Trento, must ask a judge to decide whether the crew members should be tried in the Italian courts. He

could well rule that Italy has no jurisdiction in the case. Even if he did agree with the prosecutors, however, the United States is not likely to extradite them. But under Italian law it is possible for defendants to be tried in absentia in Italy even as they are facing military proceedings in the United States.

That appears to be the prosecutors' goal. "It's not that we don't trust the American legal system," one of the prosecutors, Francantonio Granero, said. "It's a question of principle. Italy is a sovereign country. These people were killed in Italy and that is where the trial should be."

At the Pentagon, Lieutenant Colonel Scott Campbell, a Marine Corps spokesman, said, "We've retained jurisdiction thus far and we feel we have an agreement in place." He said "we're confident we've done the things required" under the agreement, called the Status of Forces Agreement, that gives the United States military jurisdiction over its own personnel.

Colonel Campbell added, "We continue to cooperate with the Italian investigative authorities, and the trial team is very pleased with the cooperation we've received from the Italian officials."

In their request, the prosecutors argued that because the crew violated flight restrictions, jurisdiction agreements in the NATO charter were invalid. They also argued that some aspects of the NATO charter violate the Italian constitution.

Even Italian legal experts question whether such arguments hold water, but under Italian law, judges have considerable autonomy in deciding whether to bring a case to trial. And there are precedents of local Italian judges claiming jurisdiction over foreign service personnel and ignoring their governments' protests.



Riot policemen clashing with demonstrators Wednesday in Athens.

Greek Workers Stage Nationwide Strike

Reuters

ATHENS — Greek workers staged a 24-hour nationwide strike Wednesday to protest against government plans to privatize much of the state sector, snarling traffic in Athens and leading to minor clashes with riot policemen.

Walkouts affected public transportation, ports, banks, schools, the post office and air travel. The stock market fell nearly 4 percent on concerns over reduced international confidence in some of Greece's state-owned banks. The General Confederation of Greek Workers called for the actions over government plans to sell off public banks and other companies as part of its campaign to qualify for Europe's economic and monetary union.

The police said they used tear gas to disperse angry protesters who had tried to break through their lines and enter the Parliament building. There were no reports of injuries or arrests.

Italians Could Face Early Elections

Reuters

ROME — Italy could face early elections if Parliament fails to agree on a package of measures to change the country's constitution, including the role of the president, senior politicians said Wednesday.

Deputy Prime Minister Walter Veltroni said that "certainly," early elections were "not to be excluded."

"It would be an outcome that would weigh heavily on the country," he said.

"It's clear that we have reached a point in the reform process where an interruption would provoke very serious problems," said Mr. Veltroni, who the first member of the government to express concern over the political fallout of a possible breakdown in the reform process.

Mr. Veltroni was speaking shortly after the leader of the lower house of Parliament signaled his worries that turmoil over constitutional change raised the specter of early elections.

"There are problems," Luciano Violante said as he left Parliament. "We are headed for a breakdown. If there is a breakdown, I think we will be headed for a vote and Italians will have to decide."

Politicians have been debating reforms to the political and electoral system, Italy's institutions and the judiciary for more than a year. Current disagreements focus on whether the head of state should have more powers than the largely ceremonial duties the president now performs. The lower house is due to vote on the issue.

Former Prime Minister Silvio Berlusconi, leader of the center-right Forza

Italia party, said the good performance of his party in last Sunday's local elections did not mean it was now flexing its muscles over the reform program.

"It's totally arbitrary to link last Sunday's local election results with the negative opinion expressed by the Forza Italia parliamentary group on the present state of constitutional reforms," Mr. Berlusconi said.

"Italy has been a very fragile country, with weak and unstable governments," Mr. Violante said, "because of the proportional system" of voting.

"The majority system has produced more stability and I hope very much that we push along this road," he said.

"The return of the proportional," he added, "would condemn Italy to instability and uncertainty and would turn the clock back 30 years."

Uncertainty Shrouds Vote On EU Treaty In Denmark

Reuters

COPENHAGEN — The outcome of Denmark's referendum on the European Union's Amsterdam treaty on Thursday is uncertain because many voters are still undecided, newspapers reported Wednesday.

Two dailies, Politiken and Borsen, quoted Ole Tonsgaard, a professor of political science at Aarhus University, as saying that opinion polls indicating a clear "yes" outcome for the referendum could be proved wrong.

In the months leading up to Denmark's general election in March, polls steadily predicted a victory for the center-right opposition, but Prime Minister Poul Nyrup Rasmussen's center-left coalition won re-election by a narrow margin, Mr. Tonsgaard said.

Many voters — up to 800,000 of the four million registered — remain undecided after three weeks of campaigning on the Amsterdam treaty referendum, he said.

"The group of people in doubt is still large," Mr. Tonsgaard said. "That is why the picture is very uncertain, perhaps more so than before the previous EU referendum."

Political analysts said the "no" camp had attracted voters in the last days before three of Denmark's four previous plebiscites on European Union matters — one of which, the first referendum on the Maastricht treaty in 1992, resulted in a "no."

Most recent opinion polls have shown a wide but shrinking lead for supporters of the Amsterdam treaty, which is designed to reform EU institutions as the bloc of 15 West European countries prepares to expand by admitting up to 10 new members from Eastern and Central Europe.

Analysts say the Danes are torn between their wish to take part in European cooperation and their unwillingness to see Denmark give up more sovereignty to the union.

The treaty paves the way for greater EU cooperation on crime, employment, environmental, asylum and security policy.

It includes such controversial issues as strengthening the powers of the European Parliament and the European Commission president, and increasing the use of majority voting. The accord must be ratified by all EU states before it can take effect. Denmark is one of three countries holding a referendum on the treaty.

Skirmishes in Georgia Send Refugees Fleeing Across Borders

The Associated Press

TBILISI, Georgia — Up to 38,000 people have fled fighting in the breakaway region of Abkhazia in the last four days, Georgian officials said Wednesday.

Among them were about 30,000 ethnic Georgians who had returned to their homes in Abkhazia only recently after fleeing during the 1992-93 war.

President Vladislav Ardzinba of Abkhazia imposed emergency rule in the region for three months, the Interfax news agency reported Wednesday. Special passes will be required to enter or leave the region or cross the Georgian border, and vehicles in the area will be inspected, Interfax said.

The refugees have been pouring into the neighboring regions of Zugdidi and

Salendzhikha since Sunday, said one official, Tamaz Nadareishvili. They are being sheltered in schools and tents, as well as in the homes of relatives, he said.

A total of 23 railway cars in the Zugdidi region have also been pressed into service as temporary shelters, the Inter-Tass news agency reported.

Hundreds of homes in a string of ethnic Georgian-inhabited villages in

Abkhazia have been burned, Mr. Nadareishvili said. Smoke could be seen rising over the region on Wednesday, he added.

Abkhazia, a Black Sea province in northwest Georgia, declared independence in 1992. Separatists drove out Georgian troops and ethnic Georgian civilians in a 13-month war.

Most of the recent fighting has been

between Abkhazian separatists and militiamen who support Georgia's central government. But Georgia's interior minister, Kakha Targamadze, acknowledged that troops from his ministry had entered the Ghal district this week.

A cease-fire took effect on Tuesday, but scattered shooting was reported and the combatants have been slow to withdraw from the region.

BRIEFLY

Spain to Extradite Mafia Boss to Italy

MADRID — A judge ordered the immediate extradition to Italy on Wednesday of a Sicilian Mafia boss who was captured after fleeing to Spain, officials said.

The Mafia boss, Pasquale Cutrera, 63, who faces a 21-year prison sentence after his conviction for running an international drug ring, told Judge Teresa Palacios that he would not fight efforts to return him to his homeland.

Mr. Cutrera's escape from Italy, despite apparently being confined at times to a wheelchair, caused outrage over what critics say is a woefully inefficient judicial system.

The police captured him Sunday in the southern Spanish resort of Fuengirola, where he was spotted walking with a cane on a palm-lined boulevard with his wife. (Reuters)

EU Moves to Lift Ban On Beef From Ulster

BRUSSELS — The European Commission announced a June 1 date on Wednesday for the resumption of beef exports from Northern Ireland, which were banned more than two years ago

over the "mad cow" disease crisis. EU agriculture ministers agreed to ease the worldwide restrictions on Northern Ireland alone in March, but the accord provided for a final inspection visit and report on the province's slaughterhouses and meat plants.

"The commission is satisfied all the conditions of the Florence agreement have been met, the beef is perfectly safe and we're confident the ban can be lifted," said Gerry Kiely, spokesman for Farm Commissioner Franz Fischler.

EU member states have been willing to lift the ban because detailed computerized records have been used in Northern Ireland for years. This can prove cattle have not been in contact with herds known to have had the disease, bovine spongiform encephalopathy. (Reuters)

Hungarian Party Ready for Coalition

BUDAPEST — Hungary's agrarian-based Independent Smallholders party said Wednesday that it was ready for coalition talks with the center-right Fidesz party, winner of last weekend's elections, but made no hard demands for cabinet posts.

"We are preparing to be in government for four years with a party that

sticks to its word and we are convinced that Fidesz will be such a party," the Smallholders leader, Jozsef Torgyan, said at a news conference.

Fidesz won 148 seats in the 386-seat Parliament, according to unofficial results, while its ally, the Hungarian Democratic Forum, took 17. The Smallholders won 48 seats. (Reuters)

Ex-Anti-Graft Figure In Italy May Be Tried

BRESCIA, Italy — Prosecutors in this northern Italian town asked Wednesday that Antonio Di Pietro, a former anti-graft magistrate, be put on trial on corruption charges.

Magistrates deposited their request with the preliminary investigating magistrate, Anna Di Martino.

It was not clear when she would rule on whether or not to order a trial for the former star of the "clean hands" corruption inquiries, whose investigations helped bring down Italy's corrupt political old guard.

Mr. Di Pietro, who has denied the charges, was public works minister when Prime Minister Romano Prodi's center-left government took office in 1996. He left the government after six months after coming under investigation for alleged malpractice while a magistrate. (Reuters)

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CROSSWORD

ACROSS

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15 Give an edge to

16 Throw a party for, say

17 With 29, 46, and

50 Across, welcome after-dinner words

20 Pizarro's quest

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22 Careless

23 Indiscriminate

25 Boozehound

26 Former French coin

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38 Kind of loser

39 1983 Indy 500 winner Tom

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64 Half a 60's-70's TV duo

65 France's Savoy

66 Expensively finished

67 Radio features

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69 One of the Cartwright boys

DOWN

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3 Headquarters for Ohio Edison

4 Panhandle

5 Some W.W. II larks

6 Waste

7 It's a start

8 "You betcha!"

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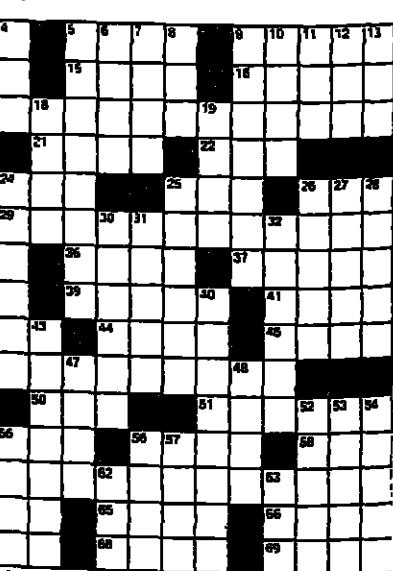
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INTERNATIONAL

Uncertainty
Shrouds Vote
On EU Treaty
In Denmark

Gingrich in Israel: The Show Goes On

Arafat Has Conceded Jerusalem, He Asserts

JERUSALEM — Newt Gingrich, speaker of the U.S. House of Representatives, accused the administration of President Bill Clinton on Wednesday of picking a fight with him while he was trying to help make peace in the Middle East.

In remarks likely to anger Palestinians critical of his pro-Israel stance, Mr. Gingrich, Republican of Georgia, also said it was his guess that Yasser Arafat, head of the Palestinian Authority knew that Jerusalem would always be the capital of Israel.

Turning up the volume in a trans-Atlantic war of words, Mr. Gingrich assailed the Clinton administration, which on Tuesday branded as "outrageous" and "offensive" his remark two weeks ago that Secretary of State Madeleine Albright was an agent for the Palestinians.

James Rubin, the State Department spokesman, criticized Mr. Gingrich for these comments in Washington in which he accused the administration of pressuring Israel.

At the time, Mr. Gingrich said, "I think it's wrong for the American secretary of state to become the agent for the Palestinians."

On Wednesday, Mr. Gingrich, referring to Mr. Rubin, said: "You supposedly pay spokespeople to avoid fights — not to get you into them. And why would he want to attack me when I am overseas trying to be helpful?"

Mr. Rubin said Mrs. Albright was "extremely troubled" by Mr. Gingrich's remarks.

"I would never say that," Mr. Gingrich said. "Madeleine Albright is a good friend of mine."

Mr. Gingrich said he had done everything to coordinate his Israel trip with the Clinton administration, even making pro-Clinton statements in the Knesset, the Israeli Parliament.

Mr. Gingrich said his support of Jerusalem as the "eternal" and "united" capital of Israel was based on a U.S. law under which the U.S. Embassy is to move to Jerusalem from Tel Aviv by next year.

"It's also a simple fact," he said. "I mean Jerusalem is the capital of Israel. No person I know believes it is going to cease to be the capital of Israel. And my guess is even Arafat doesn't believe it's going to cease to be the capital of Israel."

Israel captured East Jerusalem from Jordan in the 1967 Middle East war and annexed it. Palestinians view it as the capital of a future state.

After meeting with Mr. Arafat for 90 minutes, Mr. Gingrich said U.S. law held that Jerusalem was the capital of Israel even if under Israeli-Palestinian accords the fate of Jerusalem is to be part of future peace talks.

The House minority leader, Richard Gephardt, Democrat of Missouri, said, "I think you're going to have to wind up with a situation where Jerusalem is the capital and maybe the capital of other entities as well." Mr. Gephardt is one of about 25 U.S. congressmen in Israel this week marking its 50th anniversary.

"There may be a solution that would allow there to be a sharing of the situation," Mr. Gephardt said before meeting Mr. Arafat.

The Palestinian planning minister, Nabil Shaath, hailed Mr. Arafat's meeting with U.S. congressional leaders.

"This is the first real dialogue with Congress at a very senior level and here in Palestine," Mr. Shaath said.

For months, President Clinton and Mrs. Albright have been trying to persuade Israel to withdraw from an additional 13 percent of the West Bank as a prelude to final Israeli-Palestinian peace talks. The Palestinians have accepted the proposal.



Israeli soldiers standing guard near an illegal settlement built in East Jerusalem by rightist Jews. Israel has ordered the removal of nine shacks that militants put up without permission in a mostly Arab neighborhood.

Toll Hits 60 In Upsurge Of Violence In Algeria

ALGIERS — Algeria has been wracked by a new upsurge in bomb attacks and clashes between security forces and armed Muslim extremists, which claimed more than 60 lives this week, according to press reports.

An unidentified armed group killed eight Algerian soldiers at Djebabra in the mountains overlooking Mefiah, 25 kilometers (about 15 miles) south of the capital, the daily Watan reported Wednesday.

The paper said that the group laid an ambush for a military patrol on Monday, planting several explosive devices on the route they were due to take.

Security forces did not confirm the reported ambush, which came a day before a marketplace bomb blast claimed at least seven lives and, according to observers, marked a return to attacks on civilians by the hardline Armed Islamic Group, or GIA.

El Watan did not say who was believed to have attacked the military patrol, but the ambush took place in a region controlled by the dissident the GIA leader, Hassan Hattab.

Eleven people were killed and 50 were wounded in an overnight attack on a village in the Blida region, 50 kilometers south of Algiers, security services announced Wednesday.

In Tuesday's marketplace attack, at least seven people were killed and eight others wounded in Khemis Miliana, about 100 kilometers southwest of Algiers.

Another daily, El Khabar, reported that six armed fundamentalists were killed by security forces on Tuesday: three at Amroussa, south of the capital, two at Annaba in the east and one at Tlemcen in the west.

Slimane Achache, a leader of a group of "patriots," or civilian defense groups fighting the extremists, was killed on Monday near his home at Kadiria, near Lakhadaria, 70 kilometers east of Algiers, the press also reported Wednesday.

Among those reportedly slain this week were 29 Islamic extremists.

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Hookworm Continues to Stalk China's Rural Poor

By Steven Mufson
Washington Post Staff Writer

WUHU, China — Forty-one years ago, millions of peasants, soldiers and students across rural China lined the banks of dried-up rivers and lakes before the start of the rainy season and turned the soil by hand in an effort to bury the snails that carry the parasite that causes schistosomiasis.

Under the orders of Mao Zedong, the Communist Party chairman, banners flew with slogans declaring: "Empty the rivers to wipe out the snails, resolutely fight the big belly disease." An article in the Chinese Medical Journal of August 1958 hailed "the people's boundless energy," claimed widespread success and proclaimed that Wuhu county was "a snailless county."

Four decades later, studies here in the Wuhu area and across China are exploding another myth of the Mao era. The snails — and schistosomiasis — are alive and well and remain a gnawing problem in China. Other sorts of

worms and parasites are even more abundant. Based on a 1990 nationwide survey of a million people, epidemiologists estimate that about 700 million Chinese — a staggering 62.6 percent of the population — harbor one or more types of parasites.

Most of them live in the Yangtze River basin where the Three Gorges Dam will soon make a huge and unpredictable impact, probably sharply increasing the rates of certain diseases, such as schistosomiasis, in some areas and possibly lowering infection rates in other areas.

Infection rates for parasites have probably dropped in recent years, as China has grown more urban and peasants begin using more chemical fertilizers rather than human and animal excrement. But the "unholy trinity" of the parasite world — *Ascaris lumbricoides* (roundworm), *Trichuris trichiura* (whipworm) and *Ancylostoma duodenale* (hookworm) — still plague much of rural China and are stunting children's growth, damaging their mental abilities

and making them lethargic and anemic. The number of Chinese with hookworm alone is nearly 200 million.

"Though there is no hookworm in cities, go a few miles outside Chinese cities and you go back in time," said Peter Hotez, a Yale University pediatric epidemiologist and one of the world's few hookworm experts. "The great cities in China are very modern, as modern in some ways as Los Angeles. But two hours away, nothing has changed in a very long time, and people are still using human feces as fertilizer."

Last month, Mr. Hotez journeyed to Zhongzhou village, south of Wuhu, in search of worms. A survey here in March indicated that 36 percent of the 2,567 people who live in this village in the southern corner of China's Anhui Province have hookworms.

Hookworm, which Mr. Hotez estimates infects up to 1 billion people worldwide, was once common in the American South. The worm vanished in the United States early this century as sanitation improved.

The worms, which can measure from a half-inch long to four inches, suck blood from their human hosts, causing anemia, stunting their growth and damaging their intellectual capacity. A person with hookworm could have hundreds or thousands of them and lose as much as a cup of blood a day, causing severe loss of iron and protein. Although treatable, hookworm tends to reinfect people who continue the same habits that caused them to contract schistosomiasis in the first place. The worms like damp, cool places, such as fields of rapeseed, cotton and tobacco. Eggs deposited in the soil develop into larvae, which are swallowed or attach to passing humans or animals and penetrate the skin.

Once in the bloodstream, the larvae pass through the heart and into the lungs and airways, where they are coughed up and swallowed. When they reach the small intestine, the larvae mature into adult worms and attach themselves to the intestinal wall. Adult worms live an average of four to five years.

FRUGAL: Corporate America Cutting Back on Travel Spending

Continued from Page 1

fares, compared with 45 percent in 1996; 54 percent said they had increased their use of low-cost carriers, up from 30 percent in 1996; 52 percent reported using video conferences, up from 27 percent, and 54 percent have reduced the number of employees on a trip, up from 36.5 percent in 1996.

In addition, Topaz International, a Portland, Oregon, company that audits fares, said that lower air fares negotiated by corporations soared to 56.9 percent through last year, up from 42.5 percent in 1994. And more than a third of those fares represented lower-cost nonrefundable tickets, more than double the percentage three years earlier.

"This indicates a very heightened sense of how businesses are trying to contain costs by changing travel behavior and travel patterns," said Valerie Estep, the president of Topaz.

While air fares are usually the biggest single travel expense, other costs add up. "On the average four- or five-day trip to New York, for example, where rooms can easily cost \$250 a night, hotel costs will be about the same as air fares," said Earl Foster, director of global travel management at Seagram.

For Seagram and other companies, that also means limiting the number of employees allowed to attend particular meetings, sometimes by substituting video and audio conferences.

Even top managers are affected. Presidents or chief executives are allowed to fly first class at 39 percent of companies that normally decree coach-class seating, according to a survey compiled this month by the Bureau of National Affairs, a Washington research firm. But at many companies, no one is allowed to fly first class. Even Charles Schwab, the financial company's founder, rarely flies first class, although he has access to a corporate jet.

Of course, airlines are so eager to please business travelers that whenever possible they upgrade them, or give



Janet Jones, whose employer, Mariner Health, tries to book its business travel on low-cost carriers.

them aisle seats and keep the middle seat empty, or provide better service.

For companies, an important part of the calculation is the bulk discounts that can be negotiated. These depend on how many airline seats or hotel rooms they deliver, and for some the savings easily run into seven figures. Mr. Grant of Schwab, for one, insists that employees do not feel the pinch.

"By using five airlines whose routes don't overlap, one rental car company, and 71 hotels instead of the 1,500 we

used to have," he said, "we saved \$1.9 million last year. That's cash to the bottom line. And we achieved it without sacrificing the comfort, care or security of our travelers."

Schwab's air costs have plummeted from 41-cents a mile in 1995 to 21 cents last year, Mr. Grant said, compared with an industry average of 34 cents.

Corporations clearly want to pressure airlines into holding back on further increases in business fares, which, even adjusted for inflation, have risen by 22 percent since 1992.

But company travel managers recognize that the airlines, after losing \$14 billion from 1990 to 1994, are trying to chalk up healthy profits while they can. The travel managers are understanding, but only to a point.

"It's in everybody's best interest to have a healthy transportation system," said Will Tate, the travel manager of Dresser Industries, of Dallas. "But there comes a time when no matter how much you sympathize with the airlines and wish them well, you have to say, wait a minute."

That is exactly what companies are doing, as can be seen in the push to drive, not fly.

Bell Atlantic also authorizes its travelers who stay with friends or family, instead of in a hotel, to give their host a gift equivalent to the amount of money they would spend on meals in a single day.

And instead of paying some \$700 for employees at its plant in Alexandria, Louisiana, to fly round trip to Houston, Bell Atlantic asks them to drive, which take four and a half hours each way.

Republic National Bank asks overseas-bound employees to combine journeys where possible — for example, visit Singapore and Hong Kong on the same trip.

Like most companies, Seagram and Schwab prefer to save money whenever it is cost-effective to do so. By flying on transcontinental flights that make a stop between Washington and San Francisco, rather than using nonstop flights, Mr. Foster said, Seagram employees save the company a bundle. Schwab employees save about \$1,000 on round trips between San Francisco and Denver by flying on Frontier Airlines, instead of on a major carrier.

And when Seagram employees have to fly to London, then Brussels and Madrid, they are asked to rejigger their schedules, if possible, to avoid flying to London first, thus avoiding the high cost of flying directly to Heathrow airport.

Mariner Health Group Inc., a Connecticut-based company that provides health-care services in many states, has been booking its employees on Southwest Airlines ever since that low-cost carrier moved into Eastern markets.

Richard Keating, president of Keating Communications, a New York public relations firm, always has his travel agent tell him the different fares for different times of day. He learned, for instance, that it would cost about \$700 for a round-trip flight to Atlanta departing at 7:30 A.M., but only about \$300 if he left two hours later.

"I know it's late, but I'd like some sushi. How far do I have to go?"



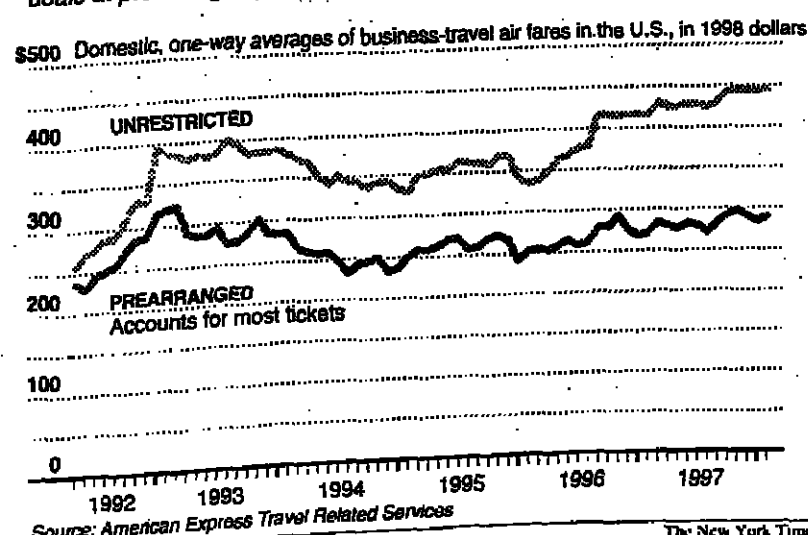
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INTERNATIONAL

From Hindu Militants, Widening Intolerance

Agence France-Presse
NEW DELHI — Hindu extremists, who have been emboldened by the rise to power of a Hindu-nationalist government, are increasingly being accused of brazen displays of intolerance.

In the past two months Hindu militant groups have targeted the house and work of a well-known Indian artist, sabotaged a Pakistani musical show and stormed a meeting of Indian scientists critical of nuclear testing. The world-squash champion, Jansher Khan of Pakistan, was "banned" from visiting India.

Two trucks transporting the soft drinks Coca-Cola and Pepsi were looted

and destroyed last week by Hindu mobs protesting U.S. sanctions imposed on India for its decision to test nuclear weapons this month.

Shiv Sena, the militant Hindu party that governs Bombay, has been accused of behaving like "moral police" for issuing "dos and don'ts" about rock music shows.

Although much of the muscle-flexing is confined to Bombay, which in recent years has lost much of its liberal sheen, the trend is spreading.

Activists allied to the governing Hindu nationalists barged into M.F. Hussain's house May 1 and destroyed some of the artist's paintings to express their anger over an old sketch that depicted a Hindu goddess naked.

That Mr. Hussain is Muslim only worsened matters. The attackers belong to Bajrang Dal, which was involved in the 1992 razing of a 16th-century mosque in India that sparked bloody clashes between Hindus and Muslims.

But more than the attack — it was the support of the vandalism voiced by the leader of Shiv Sena, Bal Thackeray, that shocked Indians.

Four days earlier, Shiv Sena broke up a Bombay show by the Pakistani classical musician Ghulam Ali to protest Islamabad's alleged support for Muslim rebels in India.

"The increasing attacks on the arts and artists have alarmed us all," said a statement by a group of Indian artists after the attack on Mr. Hussain's house. "But this invasion of the private space of an eminent citizen shows the brazen confidence these forces have recently acquired."

Although Prime Minister Atal Behari Vajpayee, a Hindu nationalist known for his secular views, condemned the attack on the Pakistani musician, his two-month-old government came under attack.

"If they are going to impose any kind of cultural regimentation, people of India are not going to tolerate it," Ambika Soni of the opposition Congress (I) Party said of the government. "Such actions will break up the very fabric of this country."

Communists called the action "rabid intolerance of Hindu fundamentalism."

The Communist Party of India-Marxist said such "fascist behavior" was seeking to force artists to fall "in line with the communal ideology of the ruling party."

The widespread condemnation did not deter the Hindu groups.

Extremists disrupted a meeting this month of Indian scientists in the southern city of Bangalore for criticizing the government for conducting five nuclear explosions.

Isolated attacks have also been reported on Christian groups in two states governed by Hindu nationalists.

The Vishwa Hindu Parishad, or World Hindu Council, which is linked to Mr. Vajpayee's Bharatiya Janata Party, defended some of the attacks.

"I admit they are not good in a democratic set-up," said Vishnu Dalmia of the organization, "but can Hussain offend the religious sensibilities of Hindus?"

"We do not approve of the attacks on Coke and Pepsi trucks and on scientists. Some local people may have done it," he added. "As far as Hussain is concerned, you cannot control people's anger."

INDIA: Storm in Parliament

Continued from Page 1

the nationalist fervor that swept the country in the wake of the tests.

On Tuesday, the United States used its influence at the World Bank to cause an "indefinite delay" in \$865 million in loans for the upgrading of India's badly outdated, vastly underpowered electricity grid and other development projects, a first step in applying American economic sanctions that some economists in India and abroad believe could end up costing India as much as \$20-billion in aid and investment.

[The uncertainty spread to financial markets, with the Indian rupee plunging to a record low on news of the World Bank measure, while the Bombay Stock Exchange fell 2.6 percent, *Agence France-Presse* reported from New Delhi.]

Mr. Vajpayee and other government leaders have brushed aside the impact of sanctions, noting that many nations, including four of the five established nuclear weapons powers, Britain, China, France and Russia, have refused to join the United States in punishing India economically for the tests.

But more ominous from the viewpoint of the Vajpayee government was what happened on Tuesday within a few kilometers of the Indian Parliament. With temperatures soaring above 115 degrees Fahrenheit (46 centigrade) and large parts of the city going hours and even days without electricity because of antiquated power stations that are overwhelmed by summertime demands, angry crowds stormed several electricity substations in the city, smashing equipment and abusing employees of the state-owned power utility.

In what many Indians considered an even more powerful indicator of the public mood, several local offices of the main Hindu nationalist group, the Bharatiya Janata Party, whose parliamentary leader is Mr. Vajpayee, were attacked and in some cases burned.

At the least, the attacks suggested that traders, homeowners and others who joined in the protests have rapidly set aside whatever enthusiasm they may have felt for the Vajpayee government in the aftermath of the nuclear tests.

Shift in India Nuclear Doctrine

Kenneth J. Cooper of The Washington Post reported from New Delhi:

India on Wednesday revised a blanket declaration that the nation would not use nuclear weapons first and instead offered to negotiate such bilateral agreements with Pakistan and other countries. The shift in India's developing nuclear doctrine was made in a policy paper that the government submitted to Parliament.

In the 10-page statement, the government said that in 1994, India had proposed a treaty with Pakistan barring a nuclear first strike. At that time, the regional archrivals knew that the other possessed an undeclared capacity to build nuclear weapons.

"The government on this occasion reiterates its readiness to discuss a 'no first use' agreement with that country, as also with other countries bilaterally, or in a collective forum," the government said.

The policy shift appeared to be a bid to engage other countries in negotiations in order to demonstrate that India has acquired more international importance as a declared nuclear power.

The same purpose appears behind an earlier offer to negotiate a formal moratorium on further nuclear tests even though the Comprehensive Test Ban Treaty virtually precludes any amendments.



Representative Christopher Smith addressing Xanana Gusmao, left, and other political prisoners in a Jakarta jail on Wednesday. The U.S. legislator urged Indonesian leaders to release all 200 political detainees.

TIMOR: Jakarta Feels Pressure to Resolve Issue of Annexed Area

Continued from Page 1

Mr. Smith, who is chairman of a House of Representatives subcommittee on human rights, said that in his talks with Mr. Habibie and other senior civilian and military officials he had emphasized the need for all the detainees to be released.

"The goodwill from releasing prisoners could be undone if it is not done in a thorough way," the New Jersey Republican told Reuters.

He said he had given Mr. Habibie a letter signed by 15 members of Congress calling for political prisoners to be freed, a clear timetable for fair elections, an end to restrictions on the opposition and dialogue on the political status of East Timor and another region, Irian Jaya.

Analysts said that Mr. Habibie, widely regarded as a protégé of Mr. Suharto's, was moving quickly to distance himself from his unpopular predecessor and had acknowledged the need to implement sweeping political reforms if Indonesia is to get urgently needed aid from the International Monetary Fund for its stricken economy.

In Canberra, Foreign Minister Alex-

ander Downer said he understood that the Habibie government was considering freeing Mr. Gusmao, who said in a rare interview with journalists Sunday that he was prepared to negotiate a settlement with Jakarta provided it respected East Timor's right to self-determination.

"The Australian government's view is that if Xanana Gusmao's release would contribute toward resolution of the East Timor issues, the Australian government would clearly welcome such a decision," Mr. Downer said.

Prime Minister John Howard of Australia said Monday that the annexation of East Timor was a major international problem for Indonesia that Mr. Habibie, who replaced Mr. Suharto as president last week, must tackle.

"It remains a major irritant to the rest of the world and legitimately so," he said, "and it would obviously be to the increased reputation of the Indonesian government, and it obviously would be well received, if there were movement in that direction in East Timor."

As many as 200,000 East Timorese, about a third of the population, were reported to have died after the Indonesian

invasion, mainly as a result of famine. Although Jakarta subsequently did much to develop East Timor, which had been neglected by Portugal, the Indonesian military has been frequently accused of human rights abuses there, including killings, torture and kidnappings, as it attempted to wipe out East Timorese guerrillas fighting for independence.

The reports of abuses led to international campaigns against Indonesia and pressure on foreign governments to block aid or military assistance. Jakarta has always denied charges of systematic abuses in East Timor, instead blaming rogue soldiers acting in defiance of orders.

Mr. Howard made his comments after the new Indonesian justice minister, Muladi, said Sunday that it was time Jakarta took a new approach to East Timor.

"We should change our position," Mr. Muladi said, suggesting that Indonesia's 27th province could be given special status with more autonomy.

But diplomats cautioned Wednesday that any move to free Mr. Gusmao and open negotiations with him and other representatives of the East Timorese could be blocked by the powerful military, which fears that even giving special autonomy to East Timor could encourage other outlying parts of the archipelago with a history of separatism, such as Irian Jaya and Aceh, to break away.

Mr. Downer said Canberra wanted Jakarta to reduce its military presence in East Timor and give the East Timorese "a much greater say in the management of their own affairs."

Australia is one of the few Western nations to recognize Indonesian rule in East Timor. Most other countries, including the United States, follow the lead of the United Nations, which still regards Portugal as the administering authority.

Prime Minister Antonio Guterres said late Tuesday that Portugal was launching a fresh diplomatic drive in the United Nations and the European Union to free Mr. Gusmao and other political prisoners from Indonesian jails.

"We are making every effort to mobilize the international diplomatic community," he said.

3 BBC Journalists Detained in Yemen For Going in Disguise to Forbidden Area

Agence France-Presse

SAN'A, Yemen — Three BBC journalists have been detained in Yemen, the British embassy said Wednesday, after reportedly dressing up as women to film a tribe that kidnapped a British family this year.

David Pearce, deputy head of mission at the embassy, said, "Three journalists were detained for going to an area where they had not been allowed to go, but we are sorting it all out."

Mr. Pearce added that the journalists were detained on Tuesday and were still being held.

A tribal source said the three journalists had disguised themselves as women after the Interior Ministry

denied them permission to travel to the region of the Beni Dabiyani tribe. They filmed members of the tribe that carried out the kidnapping, and were detained when they returned to the capital, the source said.

The Beni Dabiyani in the Dharmar region, southeast of Sana'a, released a British teacher, David Mitchell, and his family on May 3 after holding them hostage for almost three weeks.

More than 115 foreigners have been abducted since 1993 by Yemeni tribesmen. The hostages have been used as bargaining chips in disputes with the authorities, but have consistently been treated as guests and released unharmed.

In Secret NASA Report, Fears About Mir

By William J. Broad
New York Times Service

NEW YORK — Fearful that American astronauts might die if they stayed aboard the Russian Mir space station, the top safety official for astronauts at the Johnson Space Center in Houston assailed the East-West program as a disaster waiting to happen.

His secret assessment was given to space agency officials shortly after the Russian outpost suffered a fire, a collision and a series of major equipment failures last year.

"Mir is crumbling," Colonel Blaine Hammond of the air force told space-agency investigators, saying in two blunt letters that he had "grave concerns" for the safety of American astronauts.

His letters, made available to *The New York Times* by ABC News, which revealed them Wednesday on "Prime Time Live," mark the first time the

public has heard such loud cries of alarm from within the normally laconic astronaut corps. The letters also give a revealing portrait of Mir's hidden woes, including the routine leakage of large amounts of dangerous fluids that American astronauts have had to mop up.

"We haven't paid much attention to the lessons" of the beleaguered East-West endeavor, said Tom Henricks, a retired air force colonel who left the space agency in October after four shuttle missions.

The main lesson, he said in an interview, is that, "We can't rely on the Russians."

Officials of the National Aeronautics and Space Administration deny any disparaging of safety judgments or lessons, and say that a total of seven American astronauts have now worked aboard Mir productively in the past three years. The last, Andrew Thomas, is scheduled to return to Earth early next month.

The main purpose of the Mir phase of teamwork was to determine how well Americans and Russians could work together on the new outpost in space.

A main charge of Colonel Hammond's, detailed in letters last July and October to the office of the NASA's inspector-general, is that politics of East-West cooperation had come to overshadow judgments of technical safety and integrity.

Washington, he said, was pushing cooperation as "a welfare program" for the Russians "so they won't need to sell their nuclear weapons."

"I believe the American people would never tolerate simply giving the Russians \$400 million for that purpose," Colonel Hammond added, referring to American money given to Russia in the joint effort, "but would accept it if it was disguised as a cooperative space program."

He stopped short of calling for the program's end but asked for a sober reappraisal of the risks and benefits.



HAPPY TO BE HERE — Emperor Akihito of Japan, with Prince Charles, visiting Wales on Wednesday. British veterans of World War II Japanese labor camps jeered the emperor for a second straight day.

Colorful but Maybe Not-so-Wild West

Much of the colorful lore of America's Old West turns out, on closer examination, to be exaggerated, if not outright invented. Billy the Kid, for example, did not kill 21 men — it was more like four. And the real Butch Cassidy and Sundance Kid were two dumpy, unkempt men who bore no resemblance to Paul Newman and Robert Redford.

But then there was Judge Roy Bean, a grizzled bear of a man who ran the Jersey Lilly, a combination saloon, pool hall and courthouse in Pecos County, Texas. From that perch — the building bore the signs "Law West of the Pecos" and "Ice Cold Beer" — he dispensed a creative, pragmatic and sometimes hilarious brand of justice.

Judge Bean never attended law school, but he knew how to hold court, recounts *Smithsonian* magazine. "Hear ye, hear ye!" he would exclaim, banging his gavel on a beer-keg table.

"This honorable court is now in session, and if any galoot wants a snort before we start, let him step up to the bar and name his poison."

The legal precedents he set were unorthodox. When a corpse was found near the Pecos River and brought back to the saloon, the man's pockets were found to contain \$40 and a pistol. "I hereby fine this corpse \$40 for carrying a concealed weapon,"

AMERICAN TOPICS

the judge declared, pocketing the money. When a highfalutin lawyer demanded that Judge Bean issue a writ of habeas corpus, the judge threatened to hang him for using foul language.

When Judge Bean arrived in that godless stretch of desert, the nearest courtroom was a week's ride away. To tame what a Texas Ranger called "the worst lot of roughs, gamblers, robbers and pickpockets" he had ever seen, Roy Bean was named judge in 1882. He had only three weeks' formal education, but could talk circles around anyone.

And somehow he did manage to impose a rough justice, always getting the last word. When one city slicker tried to appeal a fine before Judge Bean, the judge set his six-shooter on the bar. "There is no appeal from this court," he said. "And that's my ruling."

Short Takes

A growing number of herbal substitutes for cigarettes and snuff are being sold in smoke shops and health food stores, aimed at people who want the look and feel of smoking or snuff chewing without the tobacco. The substitutes, containing everything from herbs to flower petals and lettuce, come in cigarette packs and snuff cans that resemble the real thing. Health officials caution,

however, that there are risks to smoking any kind of cigarette or habitually placing any substance in the cheek for prolonged periods.

When Disneyland opened its gates in 1955, it cost \$1 to get in. Today, the California landmark and its many imitations are charging prices that once could have bought admission for the whole neighborhood. In Orlando, Florida — the nation's theme park capital — Disney, Universal Studios Florida and Sea World all charge \$44.52 for adult admission. Over the last decade, some parks have increased admission fees by as much as 75 percent. The higher prices have not hurt business, however. A record 167.2 million people visited the 50 top parks in North America last year.

According to a Wisconsin study of 100 bungee jumpers, leaping off a 130-foot (40-meter) platform with only an elastic cord tied around your ankles is not all that dangerous. Parachuting, pole vaulting and platform diving are harder on the body. "I give it an extremely clean bill of health," said Melbourne Boynton, the study's co-author. "The only problems are human error." Still, you might want to look before you leap.

Brian Knowlton

KOSOVO: NATO Set to Deploy Around Province

Continued from Page 1

Sllobodan Milosevic, the Serbian leader. Many Western officials fear that Mr. Milosevic is playing for time in talks with Ibrahim Rugova, a Muslim leader in Kosovo who advocates a peaceful solution based on autonomy.

Western governments oppose the goal of independence sought by radicals in Kosovo, but they are also eager to prevent Serbia from carrying out ethnic cleansing there and raising tensions in the Balkans that could affect relations between Greece and Turkey.

Officials said that Western leaders were hoping that the presence of NATO's large and successful peacekeeping force in nearby Bosnia would reinforce the credibility of the initial moves in Kosovo.

The menu of measures will be announced in conjunction with a statement on Kosovo by foreign ministers of the 16 NATO nations and the three countries that have been approved for membership, the Czech Republic, Hungary and Poland.

All the European allies, including France, have fallen into line behind the U.S.-led plan for a NATO operation to create a cordon around most of Kosovo. The agreement on NATO moves was reached after several weeks of what one negotiator called "re-

markably strong consensus on the need for some action in response to the deteriorating situation in Kosovo."

Russian officials met Wednesday with allied ambassadors about the impending moves, and NATO officials said that the session "seemed to go reasonably well." Until now, Moscow, while reluctant to take even economic action against Serbia, has stopped short of open opposition to moves backed by the United States and its European allies.

The Clinton administration, reluctant to be involved in seeking a military response to the crisis as long as Washington was debating NATO's enlargement, joined key allies in looking for a response almost as soon as the Senate voted ratification last month.

Not all the steps being prepared for the direct contingencies are being disclosed, but the most immediate changes will occur in Macedonia, where the current U.S. force is to be expanded and ordered to start patrolling more actively along the Kosovo border, officials said.

Macedonia's population contains fervent supporters of the Serbian government in Belgrade and of the Albanian activists in Kosovo, and the government is eager to avoid arms traffic, guerrilla sanctuary or any other intrusion liable to give a foothold to Serbian or ethnic Albanian extremists.

Invitation to companies to participate in the realization of parts of the Dutch pavilion at the World Fair EXPO 2000

BOOKS

FREEDOMLAND

By Richard Price. 546 pages.
\$25. Broadway Books

Reviewed by Michiko Kakutani

A DECADE ago, Tom Wolfe created a small literary storm when he declared that recent novelists had failed to grapple with the convulsive reality of contemporary America and that they needed to "head out into this wild, bizarre, unpredictable, Hog-stomping, Baroque country of ours and reclaim it as literary property."

He was wrong then, ignoring a myriad of novels by the likes of Robert Stone, John Updike, Don DeLillo, Russell Banks and a host of others. And he is even more wrong today, as Richard Price's gripping new novel "Freedomland" so eloquently attests.

Since his first novel, "The Wanderers," appeared in 1974, Price has been practicing his own tough brand of social realism, specializing in portraits that are as unsentimental as they are capacious.

With "Freedomland" — which is set in the same fictional New Jersey milieu as his last novel, "Clockers" — he has given us a big, cinematic thriller, a novel that captures the racial politics and media madness of the Age of O.J., a novel that transforms today's headlines into a forceful, harrowing drama.

"Freedomland" has the social detail (though none of the lugubriousness) of a Zola novel, the jazzy, synthetic rhythms of a Scorsese film, the slangy street movie of a Marnet play, and the dark, sardonic humor of Billy Wilder's classic "Ace in the Hole." Besides that, it's a terrific read.

The basic premise of "Freedomland" will immediately remind the reader of two high-profile news stories: Susan

Smith's phony assertion in 1994 that her two sons had been abducted by a black carjacker, and Charles Stuart's phony assertion in 1989 that his pregnant wife had been killed by a black assailant.

In "Freedomland," a young white woman named Brenda Martin tells the police that she has been carjacked by a black man who drove off with her 4-year-old son, Cody, in the back seat. Her allegation immediately sets off a heated manhunt in a black housing project, which in turn sets off charges of racism and police brutality.

While this may sound like so much fodder for a television movie of the week, Price has not cobbled together a topical potboiler; he has used his keen novelistic eye to conjure up a richly textured world while using his tactical skills as a screenwriter ("The Color of Money," "Ransom," "Mad Dog and Glory") to create a fast-paced, tension-filled story that reads like a movie in prose.

One keeps on reading, less to find out whether Brenda is lying than to find out what consequences her allegations will have for everyone around her.

Price cuts back and forth between the points of view of two central characters: Detective Lorenzo Council, a big-hearted, effusive man, known as Big Daddy around the projects for his tireless, avuncular presence, and Jesse Haus, a scrappy young reporter who lives off the police scanner, eager "to witness, to absorb, to taste human behavior in extremis."

Both Jesse and Lorenzo, of course, are determined to chase down Brenda's story and find her son, dead or alive. But while their mutual quest for the truth makes them allies of sorts, they are motivated by very different ends: Jesse wants to beat out the competition, to get the scoop of her life; Lorenzo wants to keep a lid on the racial tinderbox that is

threatening to explode around him.

Both of them will also discover that the Brenda Martin case has an acutely personal meaning for them, that it will stir up emotions they thought they had long suppressed.

Price uses the stories of Lorenzo and Jesse to give the reader a wonderfully vivid insider's view of the methods used by the police and reporters, and to explore both their own psychology and the psychology they practice on others.

His narrative is also peppered with the sort of telling details that make palpable the nervous arc of a crime investigation and the media storm that so often follows, delineating the frightening, snowballing rush of incident and outrage that unfurls after Brenda's charges, enough fodder for a dozen more marches, charges, countercharges, commissions, investigations, indictments, headlines, midnight negotiations and political swap meets.

Price shows us the roiling anger in the black housing project of Armstrong, as white police officers sweep through its streets in search of Brenda's carjacker. He shows us Lorenzo's increasingly fevered efforts to contain the emotions of cops and agitators alike.

By the end of this novel, the reader has not only been thoroughly immersed in the story of Brenda Martin's missing child and the fallout of her allegations, but initiated, as well, into the history of this fictional New Jersey community and its legacy of crime and grief and rage.

Though there is a slight falling off at the end, a toying with sentimentality in the book's final pages, with "Freedomland" Price has written his most powerful novel yet, a novel that in wrestling with what Tom Wolfe calls the "rude beast" of millennial America, holds up a dark mirror to our times.

New York Times Service

BRIDGE

By Alan Truscott

BEFORE the final deal, at the Cavendish Invitational Pairs in Las Vegas, Bob Hamman and Nick Nickell were leading their closest pursuers, Zia Mahmood and Steve Weinstein, by 63 imps.

But since each result was compared with 27 other tables, this was the equivalent of 2.33 imps in a normal competition, a trivial margin. It can be seen that the North-South cards have 26 points but no hope of game. In the auction shown, Zia opened the South hand with one club and heard a weak jump overcall on his left. Weinstein as North bid three diamonds to show a strong club raise, and the partnership did well to put

on the brakes in four clubs. Even this contract was not safe, for there were three top losers and no guarantee of 10 winners. But the favorable layout in the major suits permitted South to score five club tricks, three spades and two hearts for a score of 130.

This seemed a very good result, since it seemed likely that North-South at other tables would attempt a game and fail. That was true up to a point, especially when North-South were using a weak no-trump. Hamman and Nickell defeated three no-trump by two tricks, and 14 other East-West pairs had plus scores.

But, surprisingly, six North-South pairs made the unmakeable three no-trump game. In some cases this happened because South

opened one diamond using the Precision System, and their opponents not only failed to lead a diamond originally but also missed a second chance when regaining the lead with the spade ace. There were almost as many plus scores for North-South as there were for East-West, and Hamman and Nickell gained 141 imps. Zia and Weinstein gained 44 and fell further behind.

Hamman and Nickell and their backers collected \$289,156, mainly from the Calcutta pool. Zia and Weinstein and their supporters received \$185,886. Slight different results in the last deal would have reversed these numbers. Smaller sums went to the other pairs: third, Brad Moss and Fred Gittelman; fourth, Steve Garner and

Howard Weinstein; fifth, Roger Bates and Jim Robinson; sixth, Paul Chemla and Christian Mari.

NORTH			
♠ K J 2			
♥ Q 9 4			
♦ Q 3			
♣ K J 10 9 7			
WEST			
♠ 10 5			
♥ 8 7 6			
♦ A 9 7 6 5 2			
♣ 8 8			
EAST			
♠ A 8 4 3			
♥ K 10 5			
♦ K 10 4			
♣ 5 4 3			
SOUTH (D)			
♠ Q 9 7 6			
♥ A J 3 2			
♦ 3 8			
♣ A Q 2			

North and South were vulnerable.

The bidding:

South West North East

1♣ 2♦ 3♦ 3♦

3♥ Pass 3♠ Pass

4♥ Pass Pass

West led the diamond ace.

INTERNATIONAL

U.S. Begins to Trim Forces in Gulf

By Dana Priest

Washington Post Service

WASHINGTON — The Clinton administration, which sent dozens of extra bombers and thousands of soldiers and sailors to intimidate Iraq during a showdown in the Gulf in February, has begun withdrawing the additional forces and returning to "precrisis" levels of military strength in the region.

The reduction in American military power in the Gulf reflected an assessment that the crisis with President Saddam Hussein's government has subsided now that Baghdad has renewed promises to cooperate with United Nations weapons inspectors, according to Defense Secretary William Cohen.

At the same time, it responded to concern at the Pentagon that long-term deployment around Iraq was stretching military resources and imposing difficult absences from their families for U.S. troops.

At the urging of the Pentagon, President Bill Clinton decided to reduce the number of U.S. military personnel in the region by roughly half and cut the number of aircraft carriers on station there from two to one, the Pentagon spokesman, Kenneth Bacon, said Tuesday.

Following the orders, the Independence moved out of the Gulf on Sunday, leaving the John Stennis and its battle group as the only carrier in the waters off Iraq for the first time since the crisis early this year.

Also going home, defense officials said, are 36 fighters and their support aircraft, which will fly back to the United States from Bahrain. An additional six F-117 stealth warplanes are leaving Kuwait, and six B-52 bombers and nine KC-120 tanker craft will leave the Diego Garcia Air Base in the Indian Ocean, the officials said.

The Gulf force will be reduced from its peak of 44,000 U.S. military personnel to about 19,000 soldiers, sailors and air force personnel. That is the number permanently stationed on ships, air bases and other facilities around the region.

The standoff eased when the Iraqi government allowed UN inspectors to search for documents at high-security "presidential sites" at the end of February.

But UN officials complain that Iraq has still failed to turn over all information about its weapons production efforts and proof that it has destroyed weapons known to have been produced.

In that light, Mr. Bacon said Tuesday that U.S. forces would leave behind ships that will carry twice as many cruise missiles as they did during the Gulf War.

The United States will have "the ability to exert a swift and powerful strike if we have to, and also the ability to increase that cruise missile force very, very rapidly," he said.

Speaking to reporters traveling with him Monday in Chile, Mr. Cohen said it would take "just 48 hours" to "handle any situation that might develop in the short run."

Mr. Saddam, he added, "should take no comfort in the fact that we are rationalizing our force structure there consistent with the threat analysis. Tensions have eased somewhat."

Top Pentagon officials met last week with Mr. Clinton to make the case that the size of the force should be reduced, arguing that the deployment was putting a significant strain on manpower and equipment, defense officials said. In addition, such countries in the region as Bahrain, where additional U.S. military personnel and equipment have been stationed, were pressing Washington to reduce its troop presence, which is a sensitive domestic issue for Gulf leaders.

"There were many countries in the region that said, stay as long as you need to, but not longer," an official said.

The forces were sent to the region in preparation for a sustained bombing campaign in the event Mr. Saddam continued to deny UN inspectors access to the sensitive presidential sites. With the agreement brokered by the UN secretary-general, Kofi Annan, there are no longer plans to carry out such a strike, Pentagon officials said.



A U.S. Marine signaling to colleagues on a landing craft during joint training exercises in Kuwait, where about 1,200 troops have begun deploying from U.S. bases.

BRIEFLY

Italians in Somalia Exonerated

ROME — A government panel concluded Wednesday that Italy's contingent in Somalia did not systematically torture or sexually abuse Somalis during a relief mission there.

"The episodes of violence were sporadic and isolated," the commission said in its final report. The panel's conclusions mirrored those reached by earlier inquiry last year. The investigation was reopened after the diary of a military police officer and shocking photos came to light in August describing abuses by Italian troops, from rape to black market deals in guns, drugs and ivory.

The Italian Defense Ministry said Wednesday that it had sanctioned 13 officers as a result of the two inquiries, but it refused to give details. (AP)

Mexico Renews Pledge to U.S.

WASHINGTON — The Clinton administration said that President Ernesto Zedillo of Mexico pledged continued anti-drug cooperation despite anger over a U.S. money-laundering sting that took Mexico by surprise.

The promise came when Mr. Clinton called Mr. Zedillo on Friday to express regret for not consulting Mexican authorities during the three-year undercover operation that ended last week with 160 indictments, the White House said Tuesday. (AP)

For the Record

President Daniel arap Moi of Kenya fired an outspoken assistant agriculture minister, Kipruto arap Kirwa, on Wednesday, the state radio reported. No reason was given for the president's action. (AFP)

Colombia's largest rebel army pledged Wednesday not to sabotage by violence what it branded the "villainous and deceitful" presidential elections scheduled this weekend. Revolutionary Armed Forces of Colombia guerrilla chiefs, however, called on voters to abstain and instead forge grass-roots democracy by setting up "people's councils" at the local level. (Reuters)

Wereldtentoonstellingen
World Fairs

Invitation for companies to participate in the realisation of parts of the Dutch pavilion at the World Fair EXPO 2000 Hannover

Foundation Holland World Fairs is requesting (international) companies to provide their company profile in order to qualify for turn key assignments for the content of the Dutch pavilion of the world fair in the year 2000, to be held in Hannover, Germany. These turn key assignments include the design and construction works for exhibition(s) or the writing of the scenario, direction and production of the film and/or video, and/or the multimedia programmes.

The global theme of this world fair is 'Man, Technology, Nature'. The Dutch pavilion will contain five floors, situated in a large open 'garden', close to the main Expo Plaza. The theme of the pavilion will be 'Holland creates space': space for innovation, for different lifestyles and ideas, for new solutions to the challenges of high density living, and for new forms of nature and technology. These themes will be communicated by exhibitions and/or multimedia programmes and an innovative film and/or video production.

Responding companies should:

- be experienced in effective communicating through exhibitions and/or multimedia and/or film/video to a diverse audience
- be experienced in forming a consortium to execute turn key assignments in either exhibitions and/or multimedia and/or film/video
- have participated in large projects like this before
- be able to integrate the Dutch culture in their design.

In case your company is interested to participate in a competition for these various turn key assignments, please send the following company information by June 22nd, 1998 at the latest:

- history, name, address, number of employees/partners, detailed description of previously related work
- financial data: revenue and profit of last five years
- visual material to support your qualifications

to:
Foundation Holland World Fairs, EXPO 2000 Hannover,
with reference to: Qualification
Plein 1813 nr. 5, 2514 JN Den Haag, The Netherlands
Postbus 20009, 2500 EA Den Haag, The Netherlands

Material received after June 22nd, 1998 will not be taken into consideration.

Based on the received material a number of companies will be selected. By the end of June, these companies will be asked, based on a detailed briefing and for a fixed reimbursement, to develop a creative proposal and a project plan for the creation, production or construction of the exhibitions and/or the multimedia programmes and/or the film/video productions.

Correspondence about the selection will not be considered.

KAZAKHSTAN INVESTMENT SUMMIT

Almaty, June 4-5, 1998

If you are interested in Kazakhstan's wide array of investment opportunities, the International Herald Tribune's Kazakhstan Investment Summit will give you valuable insights and an inside edge.

H.E. President Nursultan Nazarbayev will give a keynote address at the Summit. Other speakers will include key members of Kazakhstan's national and regional governments, as well as financial, business and political leaders from around the world.

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THE WORLD'S DAILY NEWSPAPER

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

A Powerful Call

Hong Kong's first legislative election under Chinese sovereignty was encouraging. Voter turnout on Sunday was high and a large majority of ballots were cast for candidates from democratic parties. That should be read as a powerful call to restore the democratic electoral system that was developing during the last years of British rule but was dismantled after the transfer to China last July. Hong Kong's chief executive, Tung Chee-hwa, should respond by expanding the number of democratically elected seats.

Sunday's results illustrate the unfairness of the present system. Between them, the democratic parties won 55 percent of the votes but will hold just under 20 of the Legislative Council's 60 seats. That is because 40 of the council's members are chosen indirectly, by business and professional organizations or by a specially selected election committee. Plans call for gradually increasing the number of popularly elected seats.

Mr. Tung has so far managed to pre-

serve more autonomy for Hong Kong than many outsiders imagined possible. For the most part, Hong Kong's independent judiciary and free press have survived the transition, perhaps because the authorities in Beijing know that the outside world is monitoring China's promise to respect Hong Kong's economic and political freedoms. But there have also been disturbing trends, like increasing self-censorship of the press on issues like Taiwan and Tibet and a selective failure by government legal authorities to pursue cases against China's allies or interests.

Mr. Tung can offset the biased arithmetic of legislative seats by appointing democratic politicians to his executive cabinet and sharply increasing the number of people eligible to vote for the indirectly chosen legislative seats. But he should not stop there. Mr. Tung should demonstrate his faith in Hong Kong's autonomy by pressing for a swift passage to fully democratic elections.

—THE NEW YORK TIMES.

Talking About Kosovo

American prompting made possible a welcome first meeting between the Serbian strongman Slobodan Milosevic and Ibrahim Rugova, leader of the independence-seeking Serbian province of Kosovo. The two men began talks May 15 to see if there is a peaceful way out of a conflict that is seething and could yet flare and spread from mostly ethnic-Albanian Kosovo into neighboring Albania and Macedonia and beyond. For a minute it looked as if the American diplomat Richard Holbrooke, negotiator of Bosnia's peace, was on the way to dousing another Balkan fire.

But last week the Serbs halted food convoys to Kosovo, and over the weekend Serbian special forces — ostensibly in response to the shooting of a Serbian police by guerrillas of the Kosovo Liberation Front — applied their typically harsh and indiscriminate tactics, and razed a Muslim village in southern Kosovo. It fit for counter-insurgency, the Serbian forces are in effect recruiting for Liberation Front ranks. The guerrillas do not answer to President Rugova, who pursues their goal of independence, but peacefully.

The United States is trying to strengthen the Serbian incentive for negotiations by, with the Europeans, suspending an earlier investment ban. It is weighing ways to work with the neighbors and with NATO to extend regional peacekeeping to the border between Serbia and Albania. With Europe it is encouraging parliamentary elections coming up this Sunday in Montenegro, another democratically assertive part of Yugoslavia. It has invited Mr. Rugova to Washington in order to demonstrate its favor for a negotiated solution.

This is the fighting season in the rugged mountains of Kosovo and its environs. But it must become the talking season, too. The prime responsibility falls on Serbia, the regional player with most of the capability for war or peace in its hands. That means in Slobodan Milosevic's hands. The Kosovars can provoke but cannot by themselves prevail. Mr. Milosevic has the larger choice: to keep playing the nationalist card that has brought his people disgrace and disappointment or to use Kosovo as a path to a larger regional reconciliation.

—THE WASHINGTON POST.

No Presidential Privilege

President Bill Clinton continues to wrap himself in his office — its special needs and prerogatives — as a defense against the inquiries of the independent counsel Kenneth Starr. The courts continue to deny the defense, drawing what seems to us the right distinction between the office and the occupant. In an odd way, it is they that have become the protectors of the prerogatives the president has invoked, in that they have had to define them.

The latest example was last week's decision by Judge Norma Holloway Johnson, dismissing out of hand an asserted "protective function privilege" whereby Secret Service members could decline to testify before the grand jury.

The judge found no such privilege anywhere in the law. To the contrary, she observed that executive branch personnel, and particularly law enforcement officers such as Secret Service members, generally are required to report criminal activity by government officials to the attorney general. Nor did she feel the public policy arguments advanced by the service in behalf of its position were strong enough to overcome Mr. Starr's need for the testimony.

She agreed a president has to have confidence in the discretion of the Secret Service in order to grant it the proximity it needs to protect him. But "the court does not accept the suggestion that the possibility that agents could be compelled to testify before a grand jury will lead a president to 'push away' his protectors," she wrote. "When people act within the law, they do not ordinarily push away those they trust or rely upon for fear that their actions will be reported to a grand jury."

It was not clear to her that a president would "push Secret Service protection away ... even if he were engaged in personally embarrassing acts," and in any case, she noted, "such acts are extremely unlikely to become the subject of a grand jury investigation."

Even in this case, for example, having to do with Monica Lewinsky, the issue is not the relationship the pres-

ident may have had with the White House intern. It is whether he subsequently lied about it under oath and sought to induce her to do so.

The presidency is not threatened by this decision. That is especially so because the problem can arise only in a case in which an independent counsel has been named. Otherwise, it would be up to the administration itself — the Justice Department — to decide whom to call before a grand jury.

Judge Johnson also recently has — and rightly, in our view — set aside a claim of executive privilege in the Lewinsky case, and the White House earlier lost, all the way to the Supreme Court, a claim of attorney-client privilege in a case in which White House lawyers were helping defend Hillary Rodham Clinton against a suggestion of personal misconduct. It is true that it is hard to distinguish between the official and personal conduct of a president, his family and close aides.

It is likewise true that it is hard to distinguish between a legitimate charge of personal misconduct and a political attack. But it is not impossible, and the White House neither is nor ought to be a fortress. Our own sense is that the presidency will be more secure in the future, not less, if the Secret Service testifies in this case.

—THE WASHINGTON POST.

Other Comment

Taliban Barbarism

The Taliban have stooped to a barbarous low by starving civilians in an attempt to defeat their enemies. The Islamic fundamentalists have blocked supplies from reaching the central Afghanistan region of Hazarajat, home to their ethnic foes, the Hazara people. United Nations officials say that the action of a government suppressing efforts to feed its own people is beyond the pale.

—Los Angeles Times.

With Suharto Fell a Piece of U.S. Foreign Policy

By Anthony Lewis

BOSTON — In December 1975, President Gerald Ford and his secretary of state, Henry Kissinger, visited President Suharto in Indonesia. They reacted with a nod and a wink to his plans to seize East Timor. The day after they left, Indonesian forces invaded the distant island, using American arms. In the invasion and ensuing occupation, a third of East Timor's 600,000 people died.

When it was pointed out that using American arms aid for aggression violated U.S. law, Mr. Kissinger reportedly told his staff: "Can't we construe [stopping] a Communist government in the middle of Indonesia as self-defense?" (East Timor was in fact remote from Indonesia, and its mostly Roman Catholic people wanted independence, not communism.)

That episode tells us that an element in American foreign policy also fell when Mr. Suharto resigned last week. He was one more in a string of dictators admired by U.S. governments but rejected, in the end, by their own people.

Mr. Kissinger was most closely identified with the policy: the idea that America should support authoritarian rulers because they could assure sta-

bility. Thus Mr. Kissinger smiled on the shah of Iran, Augusto Pinochet of Chile, Yahya Khan of Pakistan and the like. But it has turned out that tyranny does not assure stability.

Democracy does. Mr. Suharto lasted a very long time compared with other tyrants, 32 years. But eventually resentment of his kleptocracy — the corrupt enrichment of his children and other relatives — boiled over.

Mr. Suharto ruled by fear, as tyrants always do. Anyone who looked like a potential opponent was imprisoned or brutalized into silence. But that system of oppression stopped working, for reasons brilliantly described by a New York Times correspondent in Jakarta, Nicholas D. Kristof.

What overthrew Mr. Suharto was not a guerrilla insurgency, Mr. Kristof wrote, "but a conspiracy of far more potent subversives: capitalism, markets and globalization." ... Mr. Suharto's security forces never figured out how to handcuff them or torture them into submission. ... His sophis-

ticated military equipment can detect a guerrilla in the jungle of East Timor at night, but it was unable to discern bad bank loans or prop up a tumbling currency" (NYT, May 20).

Under the pressures of economic crisis, ordinary Indonesians, students especially, lost their fear of the regime. Protests continued even after troops made the mistake, fatal for Mr. Suharto, of firing on an unarmed crowd.

The events in Indonesia have also buried a theoretical justification of strongman rule. That is the notion that Asians prefer order to freedom, and that such "Asian values" underlie the region's decade of rapid economic growth.

The economic miracle has come to an end in the Asian financial crisis. And political change, first in Thailand and South Korea, now in Indonesia, has shown that Asians do not really prefer to live under authoritarian regimes. They want a voice, and they want freedom.

The Indonesian story is not over. Will an aroused public be content with an appointed Suharto successor, B.J. Habibie, as president — and content to let the Suharto family keep its mono-

polistic grip on the economy? It seems unlikely. Just as unlikely is Mr. Habibie's ability to meet the international conditions that would stabilize Indonesia's currency.

The larger implications of Indonesian events are for China. Its Communist rulers have maintained stability by rapid economic growth and tight political control. Indonesia shows the limits of that formula. Continuing stability will surely depend on the introduction of democracy in China, however gradual. There is also a lesson for the United States. Right up to the end, the Defense Department was training Indonesian units that specialize in the torture and "disappearance" of dissidents.

Congress banned the U.S. training of Indonesian forces in 1992, but the training went on secretly until a victim of torture escaped and told his story this month, shaming the Pentagon into cutting off the program.

In the world as it is, America cannot deal only with nice guys. It needs good relations with some undemocratic governments. But it does not have to condone savagery, much less assist it.

The New York Times.

Hong Kong's Message: The People Want Democracy

By Esther Lam and Robert Stone

HONG KONG — Braving tropical thunderstorms that caused traffic disruptions and widespread flooding, Hong Kong voters turned out in record numbers to cast ballots in Sunday's first Legislative Council elections under Chinese rule.

This was despite the fact that for ordinary voters, the exercise was to choose only 20 directly elected representatives from the total of 60 seats being filled. The remaining two-thirds of the law-making body was selected by a complex system of "functional constituencies" and an election committee, the results of which were largely a foregone conclusion.

The system was designed to be a token exercise in democratic participation. But Hong Kong voters used their limited franchise to send a resoundingly clear message to their own government, the Chinese leadership and the world: They will be content only when their political system evolves into full democracy.

Almost all of the 20 elected members chosen were from the democratic camp. They made their top campaign priority a commitment to full democracy for the next election and the democratic selection of the next chief executive.

Even the remaining directly elected candidates — from the pro-China party, the Democratic Alliance for the Betterment of Hong Kong — have expressed varying degrees of support for the idea that all Legislative Council members and the chief executive should be directly elected.

Martin Lee — the chairman of the Democratic Party, which took nine of the directly elected seats Sunday — called the results a triumph for Hong Kong's people. He said that through their votes, Hong Kongers had told China's leaders and the rest of the world that they want democracy and are worthy of it.

Hong Kong's chief executive, Tung Chee-hwa, however, put a different spin on the outcome. He maintained that the record voter turnout reflected the people's love for Hong Kong. This showed, he said, that the public supports the government's arrangements for the election and has full confidence in the way China's "one country, two systems" policy is being implemented.

In response to questions from the media about the future pace of democratization in the territory, Mr. Tung made it clear that progress would be slow. He was immediately chided by Mr. Lee, who warned the chief executive not to go against the will of the population. Mr. Lee noted that Mr. Tung had no mandate from the people, and added that a chief executive who led Hong Kong in an undemocratic way was dangerously out of step with public opinion.

Once in office, the new Legislative Council members will find themselves extremely restricted when dealing with Hong Kong's affairs. Under the British colonial government, members of the legislature were not allowed to introduce bills concerning public expenditures. That curbs still stands.

Now, however, under the Basic Law that serves as Hong Kong's constitution, two further restrictions have been imposed. First, private members' bills cannot deal with the political structure or the operation of government; if they do, they must have the written consent of the chief executive. (Any legislation in Hong Kong not introduced by the government is automatically classified as a "private members' bill.")

Second, before a private members' bill can become law, it first must be endorsed by two majorities in the Legislative Council whose votes are specifically divided for this purpose. One half is made up of the

20 directly elected members plus the 10 chosen by the election committee. The other half consists of the 30 seats elected by the functional constituencies. The result: It is virtually impossible for the legislature to change or modify the policies of Hong Kong's executive-led government.

No matter how the high turnout in Sunday's election is rationalized, the 20 directly elected members of the Legislative Council are now the only ones in government with a mandate directly from the Hong Kong people. As such they are morally the government of Hong Kong, relegated to the role of opposition.

Ms. Lam is a political reporter for the Hong Kong Economic Journal and Mr. Stone is an assistant professor in the Department of Journalism and Communication at the Chinese University of Hong Kong. They contributed this comment to the International Herald Tribune.

The Powers Must Tackle the India-Pakistan Crisis Now

By Flora Lewis

ARRABIDA, Portugal — It was evident from the lame statement at the Group of Eight summit meeting in Birmingham deploring India's nuclear tests that the powers have not begun to think through the enormous implications of those tests.

That was reflected here, too, at the fourth Arrabida meeting, a weekend session in which former high-level leaders informally discuss world problems under the auspices of the Portuguese Orient Foundation. But the strategic consequences of the tests are very dangerous, and it is urgent to work out plans to head off these consequences because they will affect much more than the Indian Subcontinent.

The tests themselves are not

of great importance, nor is the word that India is now ready to sign the Comprehensive Test Ban Treaty as a recognized nuclear power. What matters is whether this means that Pakistan and India are about to launch another nuclear arms race just when the world thought the end of the Cold War had removed that menace.

Pakistan apparently has not yet decided whether to respond with tests of its own, although secret orders may already have been given. (India's preparations were unannounced despite sophisticated monitoring by foreign intelligence.)

Some loud voices in New

Delhi seem to be goading the Pakistanis on to prove that they, too, have an established nuclear arms capacity. Home Minister Lal Krishna Advani took the occasion to issue ominous warnings to Pakistan about its support for militants in Kashmir, saying terrorism "will be crushed without false pity."

Internal pressures on Islamabad to test demonstratively are at least as great as external pressures not to do so. Sanctions are not going to reverse anything, and India may even see an interest in provoking equal sanctions against Pakistan, which they would hurt more.

Clearly the Indians are confident they can win an arms race, and the nationalist government may even think that this is the way to cut Pakistan down, much in the way many Americans think it was Ronald Reagan's arms race that brought the collapse of the Soviet Union.

Pakistan does not really stand to gain by following India's example, though like India it has made no formal nonproliferation commitments. It has long said it would sign the nonproliferation treaty only if India did.

A decade ago I asked the head of India's atomic energy commission if his country would not feel safer if both countries signed. He answered flatly that the problem was not India's fear of China, and I think that remains the case, but the impossibility of India's accepting an obligation that implied parity with Pakistan.

India and Pakistan are not equal — in size, in population, or in economic and military power — and India seeks recognition as the regional hegemon.

Further, its new nationalist government is dominated by the Bharatiya Janata Party, which has long argued for *Hindutva*, open Hindu religious supremacy over the 120 million Muslims who live in India. Muslims in both India and Pakistan fear that the party's ambition is to restore the territory of the British raj, this time as a Hindu raj.

Also, Pakistan carries the hopes for a display of an "Islamic bomb" that infects the dreams of those who point out that there are 1 billion Muslims in the world.

If there is to be an arms race, Pakistan will surely turn to China and India to Russia, the tacit alliances during the Soviet-Chinese confrontation. This would greatly magnify the problem.

Today, Russian-Chinese relations are better than they have been for many years, but there are still major, long-term strategic issues dividing the two nations. Both would be better off if they prevented the India-Pakistan quarrel from exacerbating tensions in their relationship.

The United States, which continues to play a balancing role in East Asia, could propose to both and perhaps to other members of the UN Security Council that they make a joint, coordinated effort to discourage this arms race. Perhaps the G-5 should be expanded to a G-10, with India and China.

Meanwhile, it has been helpfully suggested that both the United States and Russia could advise India and Pakistan on the intricacies of deterrence and on how to make it work. But no amount of deploring or sanctions will undo the new knots in the global security situation that India has created. The geo-strategists must get back to their drawing boards before the situation becomes explosive.

Flora Lewis.

Gerry Adams and Radical Chic

By Maureen Dowd

WASHINGTON — If only Leonard Bernstein could see it: Gerry Adams in Armani from Macy's, with all the New York society babes chasing after him.

The late conductor would truly appreciate the Radical Chic transformation of the Sinn Fein leader as he makes his U.S. victory lap this week.

Mr. Adams, considered a hero by some and a murderer by others, was dubbed "Ireland's Black Panther" by Vanity Fair magazine.

In his essay "Radical Chic," Tom Wolfe skewered the 1960s New York elite — which included Mr. Bernstein — who were then feeding Black Panthers, feeding them little Roquefort cheese morsels off silver trays held by uniformed maids.

Now Washington, New York and Hollywood are caught up in Irish terrorist chic.

"Gerry has got that revolutionary aura, that whiff of cordite," says one friend.

On Thursday the revolutionary socialist will stroll through the New York Stock Exchange with his chairman, Richard Grasso.

The 49-year-old, who is likely to be elected next month to help run the new Northern Ireland government, also has set up meetings with top financiers and fund-raisers with celebrities in New York. On Friday he's going to the White House to see the national security adviser, Sandy Berger — with a probable Clinton drop-by.

Anjelica Huston, Donald

Trump and Martin Sheen have all parried with Gerry. Adams groups include young Clintonites who worked on the Irish issue.

"He's their Ho Chi Minh," dryly notes Mike Barnacle, the Boston Globe columnist.

It was not long ago that Mr. Adams was so isolated that his voice was not allowed to be broadcast on British or Irish television or radio (actors spoke his words).

The Unionist leader David Trimble did not speak to, or shake hands with, Mr. Adams during the Stormont talks or during their "Yes" campaign.

One top Irish official praised Mr. Adams, saying, "He took his horse to the highest fence." Because the Sinn Fein leader is so smooth and carefully calculating, the official said, it is easy to underestimate the difficulty — and danger, in an organization known to kill its own — of keeping the cease-fire largely intact while renegotiating Sinn Fein's traditional position of unity or nothing.

The man who bears the scars of bullet wounds from one assassination attempt and the memories of more recent ones, the man who can never sleep two nights in the same place, faces more high fences on the issue of decommissioning.

"What this man is trying to do is unparalleled in Irish history, trying to take an armed revolutionary movement and put it on the political path."

said Niall O'Dowd, publisher of The Irish Voice. "It didn't work for Michael Collins. There are enormous risks."

Mr. O'Dowd spurred peace by playing matchmaker between Sinn Fein and the White House.

I talked to Mr. Adams at Sinn Fein headquarters in Belfast last week.

Sitting outside the heavily fortified stucco building, he took off his sandals and green socks to put balm on a wasp bite he had gotten while walking in the hills.

"That's a chopper you hear," he said, about a hovering British surveillance helicopter. Pointing to the window grates, he added: "There were bomb attacks, rocket attacks. See those marks in the wall?"

He knows Ian Paisley wants to sabotage the new government; he knows prejudice dies hard.

"My home was bombed, my wife and son were at home when a hand grenade was exploded at the house," he said. "So if I'm prepared to reach out the hand of friendship to the people who did that, and shot me, I think that gives me some moral right to say to others: 'Hey, let's get real here. O.K., people got killed. We all lost friends.'"

Will there ever be a united Ireland? "I certainly think, if God spares me, it will be reunited in my lifetime."

Does he dream of being the Taoiseach of a united Ireland? "No, I will have retired gracefully by then."

The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: 'American Rag'

MADRID — Marshal Primo Rivera, late Governor-General of the Philippines, made a speech in defense of his administration. Speaking of the disaster of Cavite, he said: "The rag that they call the American flag shall never float over the walls of Manila." He concluded that the Americans would never become masters of the islands, as an immense majority of the natives would defend the sovereignty of Spain to the last.

1923: Turkish Settlers

CONSTANTINOPLE — The Turkish authorities are making an interesting experiment in repopulating the abandoned villages. A colony of a hundred Turkish war orphans is being established in Yeniköy. There are to be an equal number of boys and girls, who will be married as soon as they arrive in the

village, which was deserted by its Greek inhabitants. It is not stated by what process of selection the mating couples will be chosen, but a leading worker among Turkish refugees will be present to advise these settlers in the early stages of their work.

1948: Red List Protest

ROME — Palmiro Togliatti, Moscow-trained head of Italy's Communists, demanded that the Italian government protest "in the name of our national dignity" against the "Who's Who" of Communism. The list was issued by the U.S. House of Representatives Foreign Affairs subcommittee. It was part of a world-wide list designed to demonstrate that the international Communist movement is directed by old guard "professional revolutionaries." The largest single group on the 506-person list were the forty of Italy.

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OPINION/LETTERS

Corporate Power? It's Actually Waning

By Robert J. Samuelson

WASHINGTON — We are witnessing an interesting collision between history and headlines. The headlines herald a new era of menacing corporate power. The U.S. Justice Department sues Microsoft for allegedly trying to monopolize access to the Internet, and every day brings (it seems) a new megamerger.

Chrysler and Daimler-Benz plan to unite in a deal worth about \$40 billion. Last year, American companies were involved in a record 7,800 mergers worth \$657 billion, the Mergerstat Review reports. Big business seems to be getting ever bigger and more powerful.

Well, not exactly. The correct lesson from history is just the opposite: Corporate power is on the wane.

If this seems counterintuitive, it is also common sense. Big business has been brought to heel politically. Everything

Economic growth subverts overall corporate power.

from child labor to the environment has been regulated. Government is the final arbiter of business behavior, even if government is often arbitrary. Amid all the mergers, for example, Congress is now humbling the tobacco industry.

This is an old story. Less recognized, or perhaps forgotten, is the fact that companies have also lost much market power to set prices and determine what customers buy. Microsoft, if its critics are correct, is an exception.

Corroborating evidence abounds. Consider: Until the mid-1970s, General Motors, Ford and Chrysler essentially owned the U.S. car market, with 80 percent of all sales. By 1997 their market share was down to 61 percent. Japanese companies had 31 percent.

The three major television networks — NBC, CBS and ABC — have lost their stranglehold on viewers. From 1979 to 1997 their share of the prime-time audience dropped from 91 to 49 percent, Nielsen Media Research reports.

"We used to think the possibility existed that the erosion was going to stop," Robert Jager, the president of ABC, recently said. "We were silly. It's never going to stop."

Although the Telecommunications Act of 1996 has not

worked as planned, the phone industry is far more competitive than before the breakup of AT&T in 1984. Between 1984 and 1996, AT&T's share of the long-distance market had declined from 88 to 54 percent. And there has been an explosion of cellular companies.

Despite Microsoft, the computer industry is more fragmented than in IBM's heyday, when one company dominated. The packaged-software industry for personal computers has gone from almost nothing in 1980 to 7,800 companies with \$30 billion in sales in 1997, says the Software Publishers Association.

We can all identify the major forces that have corroded corporations' market power: new technology (personal computers and cable TV); foreign competition (automobiles); the end of legal monopoly (telephones). But there is a less visible force that subverts overall corporate power, and that is economic growth itself.

As society becomes richer, people buy a greater array of goods and services. When the typical market basket grows, producers of traditional goods become less important. Americans now own more cars per household than ever; still, the auto industry is shrinking as a share of national output.

The Federal Trade Commission once calculated the concentration of business assets (buildings, machinery) among all companies. This was one way to gauge the economic power of big businesses. Not surprisingly, the figures showed a gradual decline. In 1967 the 200 largest nonfinancial corporations controlled 41 percent of total assets; by 1988 that had dropped to 32 percent.

One consequence is that we Americans no longer have a true business elite. Even in the 1960s, a president who wanted to talk to corporate America could plausibly summon 10 or 15 top executives for a chat. The notables would include heads of auto, steel and chemical companies, plus perhaps a few bankers, an airline executive and the CEOs of General Electric and IBM. They were thought to represent business thinking.

The White House still consults with corporate chiefs, but today there is no obvious list, and the presumption is gone that any group can

"speak for business." Whom does Michael Eisner represent except himself and Disney?

Megamergers do not contradict this picture. One reason is that today's merger is often tomorrow's bust-up. Some mergers fail because they are driven more by personal ambition than true efficiency.

Chrysler and Daimler say they can save \$3 billion a year through joint engineering,

Today's merger is often tomorrow's bust-up.

purchasing and distribution. Will they? Or is this a marriage of convenience?

Daimler's executives want to expand; Chrysler's may profit personally. The Wall Street Journal unkindly reported that the merger could make the stock options of Robert Eaton, the Chrysler CEO, worth about \$100 million.

Some mergers may also be blatantly collusive. Corporate executives regularly complain about lost "pricing power" (this may be a reason inflation has stayed tame). What better way to restore it than by buying a competitor? This is a genuine antitrust worry, but it is wrong to see bigness and

consolidation as automatically anti-competitive. Sometimes it is the other way around. One reason manufacturers have held down prices is that their superstore customers — the Wal-Marts and Home Depots — have the purchasing power to insist on low prices. Here, bigness abets competition.

In truth, the inefficient firm, however big, is its own worst enemy. Its inefficiency curbs its power. Its products become vulnerable to competition; its managers become vulnerable to takeover. It is the big and efficient firm whose power expands, and this is why Microsoft so fascinates and frightens — because it may be both.

"We live in a country that has always had an ambivalent relationship with centralized business power," says the historian Nancy Koehn of the Harvard Business School.

Bill Gates is hostage to this history. We cannot abide a company as powerful as Mr. Gates' critics say Microsoft will become.

If Mr. Gates is right — if the technology is too unpredictable for any single company to dominate — then the market will erase the image of the menacing Microsoft. But if he is wrong, Microsoft will be muzzled.

If the courts don't do it, Congress will. We can't say how or when, but it will be done. Headlines aside, our history suggests no other possibility.

Washington Post Writers Group

A Modest Proposal to Help Solve the Problem Of America's Lax Parents and Tiny Tyrants

By Mary Ann Cantwell

SEBASTOPOL, California — For some years there has been conflict between older women who were stay-at-home mothers and their career daughters and sons about the rearing of their children. I, along with several other grandmothers of my acquaintance, believe that American children today are being indulged.

When we see these parents cater to their children — letting them interrupt any conversation at will — we view it as a failure of our own mothering. We

MEANWHILE

wonder what was wrong with the way we did it. Aren't our daughters smart, successful women who exhibit common sense? Aren't our sons decisive men?

We agree that it is a good idea to avoid spanking, but we would like to keep it as a sanction. The parent must run the show. That is what we grandmothers do not see happening. We cannot go backward to a time before economic necessity dictated two incomes per family, but we must go forward, away from these tiny tyrants.

The conflict is no longer just familial. Public Agenda, a research group, recently published a report called "Kids These Days: What Americans Really Think About the Next Generation." The answer seemed to be: not much.

Younger children, ages 5 to 12, were seen by adults as acquisitive, lazy and demonstrating a lack of respect. "Only 37 percent of Americans believe that

when today's children grow up, they will make this country a better place," the report said in bold print.

Another sign that the conflict is going public comes from two news items about children who were arrested in incidents that the family would traditionally have handled.

In Pensacola, Florida, a 5-year-old girl was charged with assaulting a school counselor. In Miami, a 10-year-old boy in a pizza shop was arrested after he kicked his mother and a waitress called the police. The father of the 5-year-old pointed out that officials might have sought another solution before resorting to arrest.

Still, the parents' reactions were telling. In their anger at the authorities, they seemed to have forgotten to save some of their ire for their abusive children, whom they staunchly defended as they sprang them from juvenile detention.

Another crotchety grandmother and I were having coffee the other day when she quoted her career daughter as approving of kindergarten because it provided structure for her child.

"Doesn't she realize," I asked, "that the teacher is earning the girl's respect while the parents are not?"

Then I had a moment of clarity. It was not that we were overly strict mothers. We were full-time mothers. The buck stopped with us. Whatever

we allowed, we had to endure. I remarked to my friend that today's parents could not stand to be around their toddlers 24 hours a day.

"If they had them all day," my friend said, "you can bet they'd have a firm bedtime."

I would like to suggest a disciplinary experiment short of arrest. Let one parent and a child spend, say, five days in a small structure or apartment that contains all the necessities of life but

The parent must run the show. That is what we grandmothers do not see happening.

few diversions. Books, certainly. Let them get to know each other. A one-way mirror might be useful. I'd like to watch.

I don't think there is much chance of a parent's feigning control of the child to secure early release. They are too oblivious — parents are often unaware of what their children are perpetrating on them. But maybe, given enough time, they would learn how pleasant and rewarding it is to be the parent of a well-behaved child.

The writer is the author of "Homosexuality: The Secret a Child Dare Not Tell." She contributed this comment to The New York Times.

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services in five international markets, including the world's most highly penetrated markets.

Although it may seem unusual for a company to have two names, some would argue that success such as ours is equally unusual. Basically, if you're looking for innovation in global communications, just look for the one company.

The one company with two names, that is.

LETTERS TO THE EDITOR

Clinton and the Law

Regarding "Judge Allows Starr to Question Secret Service Agents" (May 23):

Judge Norma Holloway Johnson's ruling allowing the Secret Service to testify before the Starr grand jury was a victory for the rule of law.

The White House invoked a nonexistent special "protective function privilege" that read more like a protective cover-up of President Bill Clinton's alleged wrongdoing. The very nature of the defensive (i.e., obstructionist) posture of the White House practically assumes that Mr. Clinton has engaged in unsavory or illegal behavior that it does not want the public to know about.

Secret Service agents are sworn to defend the constitution and to uphold the law. Most important, their duty is to protect the president's life, not his lifestyle.

SCOTT LAUF,
Ashburn, Virginia.

Israeli Settlements

Regarding "Peace Awaits Beyond Rancor" (Opinion, May 15) by Akiva Eldar, and "Peace and Belligerent Settlements Are Not Compatible" (Opinion, April 27) by Mohammad Tarbush:

Mr. Eldar's article is yet another depressing example of Israelis trying to silence their victims. He complains that Mr. Tarbush selected "a very romantic description" of the pre-Israeli West Bank. In fact, Mr. Tarbush correctly pointed out that the West Bank used to be a beautiful, cultivated countryside that has now been ruined by Israel's hideous settlements.

Mr. Eldar omits the crucial and undoubted fact that the Israeli settlements are illegal. They are also glaringly unjust. Israel's 1967 borders gave it some 77 percent of the land area of Palestine. To most people, to allow the Palestinians, the indigenous inhabitants, to keep 23 percent of their country would not seem excessively generous. Yet if the settlements remain the Palestinians will end up with very much less than that.

Besides, Israel is still creating new settlements. This

month I visited a place near Hebron where a Palestinian Israeli family that had owned the land for centuries had had it stolen from them the day before. This was done with armored cars and settlers but with no shadow of legal justification — not even a scrap of paper. Does Mr. Eldar condone such thefts?

If, as they do, settlements "obstruct any option of territorial compromise," how can a plan that allows all of them to remain produce a peace without "rancor"?

Mr. Eldar claims that Yasser Arafat recently told members of the Council on Foreign Relations in New York that such a plan remained "acceptable." In fact, as the director of the council wrote in Ha'aretz (May 12), Mr. Arafat merely said that such a plan could serve as the basis of Israeli-Palestinian talks.

If all the Israeli settlements remain, the current system of apartheid on the West Bank and in the Gaza Strip will become permanent, with the Palestinians segregated in a few Bantustans. That would not be a peace or a territorial compromise. It would be an abject and unconditional surrender that would ensure the continuance of deep and fully justified Palestinian rancor.

IAN GILMOUR,
Old Isleworth, England.

Tips for Browsers

Regarding "Can Microsoft Put On a Friendlier Face?" (Finance, May 20):

An administrative assistant in Boston is quoted as saying that he fears Microsoft is going to take over the world and that he would "switch in a heartbeat" if only he knew of an alternative. I can only assume this person has not heard of the Apple Macintosh. Not only does it do what Windows does, but it does it far better and in a more user-friendly way.

G. WYNFORD-JONES,
Preveasin-Moens, France.

Bill Gates ought to change the name of his Windows 98 program to "Microsoft Net Browser With Some Additional Features."

BRIAN J. CAMPBELL,
Wechelderzande,
Belgium.

Trib Tech

Scientist Uses Magnetism To Find Ancient Treasure

For Sheldon Breiner, the Trove Is Olmec Figures

By John Markoff
New York Times Service

CRUZ de MILAGRO, Mexico — There would not be another miracle here today. In this Mexican village named for a cross that legend said was miraculously dropped here by an angel in 1905, the American geophysicist Sheldon Breiner stood at the lip of a gaping eight-foot-deep (2.5-meter) hole.

Holding the world's most sensitive portable magnetometer, a device that detects minute variations in the Earth's magnetic field, Mr. Breiner had hoped to find an ancient artifact buried at this spot, maybe a legacy of the Olmecs, one of America's first and most mysterious civilizations. After all, a stone figure of an Olmec prince was discovered by villagers while they were excavating for a water tank in 1961.

But using a magnetometer as an archaeological tool to "see" human history buried beneath the ground is still as much an art as it is a science.

A meter below the surface was indisputable evidence of a civilization: A decidedly 20th-century metal pipe protruded from the side of the wall of the dig, a mute sign that even the most accurate magnetometer can only give the most general hint about what lies beneath the surface.

MR. Breiner's track record had usually been much better. A pioneer in the use of magnetometers in archaeology, mineral exploration, earthquake detection, weapon detection, treasure-hunting and even military applications, he in the past three decades located two of the 17 so-called colossal Olmec heads that have been found so far.

The striking 2.5-meter- to 4.5-meter-high basalt figures, some weighing as much as 14 tons, are the most remarkable artifacts of the Olmecs, an advanced civilization that flourished as early as 1500 B.C. in the humid, fertile coastal lowlands in what are now the Mexican states of Veracruz and Tabasco.

This year, Mr. Breiner returned to Mexico in late April to help archeologists

survey an untouched Olmec site known as Laguna de los Cerros. Mr. Breiner brought with him a \$25,000 cesium magnetometer built by Geometrics, the Silicon Valley company he founded in 1969.

Mounted on aircraft, magnetometers such as this one can detect magnetic variations as tiny as one part in 100 million. They have been used to find the world's largest reserves of oil, uranium and other minerals.

Mr. Breiner's magnetometer was a portable version, attached to a 2.5-meter-long pole and connected to a data recorder with a display screen. Carrying the pole, Mr. Breiner marched systematically through dense tick- and snake-infested brush, building a record of the magnetic variations at each point in Laguna de los Cerros. An assistant who wielded a machete walked in front of him, allowing the survey to be made in an array of straight lines.

LATER, in his hotel room in the nearby town of Acayucan, Mr. Breiner uploaded the data into his portable computer, building a map of magnetic-force lines flowing through the alluvial soil that covered the site.

"What Sheldon does with magnetometer technology is really important in the kind of environment that we have here," said Ann Cyphers, a research archeologist at the Institute of Anthropological Research at the University of Mexico.

There are many areas of the world where rocky terrain or magnetic minerals would frustrate the magnetometers. Archeologists have therefore begun to rely on other high-technology imaging techniques, such as satellite-based radar, to peer into the Earth.

But Veracruz, with its rich alluvial soil, is an almost perfect environment for prospecting magnetically for the large Olmec stone figures.

"We hope that someday we'll develop a sophisticated, noninvasive archeology that will permit us to learn about these civilizations without disturbing them," said George Stuart, a staff archeologist of the National Geographic Society.



Sheldon Breiner at an archaeological excavation at Cruz de Milagro, using his magnetometer to analyze the site.

Standing atop the central pyramid looking south over what was once a broad plaza of the Laguna site, Mr. Breiner contemplated another riddle. Many years ago at the San Lorenzo site, an archeologist from Yale University, Michael Coe, found a thin polished piece of magnetite that he thought might have served as a compass.

If true, it would be a striking discovery, proving that the Olmecs had discovered the compass perhaps more than 1,000 years before the Chinese.

Mr. Breiner said the layouts of the Olmec religious sites may offer additional evidence supporting that theory. Although the sites were laid out in a general north-south fashion, the lines

diverged from true north, he said.

This may have been because the Earth's magnetic north pole wanders slightly over thousands of years. Mr. Breiner hoped that by precisely measuring the orientation of each site, he would be able to prove that each site had been laid out pointing toward magnetic north as it existed in antiquity.

America Online: Spicier but Still Mild

Upgraded Software Offers Internet and E-Mail Novelties in Gentle Doses

By Seth Hamblin
Washington Post Service

Most computer users either love or loathe America Online, and version 4.0 of the on-line service's software does little to narrow that divide. But if you prefer a hand-holding approach to the on-line world — and can stomach AOL's heavy dose

of advertising — the upgrade offers new reasons to log on.

Eventually, you will have little choice about using this software, but for the moment the next version of AOL is just an option — a "preview" release of it (the final stage in a protracted testing process that began last summer) is free for Windows-using subscribers to download.

The big change in 4.0 is the Internet's move to center stage. Before, you had to click on an icon in AOL's menu bar to launch a Web browser, where you then had to type in a Web address; now the main interface itself is a browser for both Web and AOL stuff.

Whether you type in, say, the address for a Speed Racer Web page or the "keyword" for AOL's X-Files site, off you go directly to the AOL or Internet location.

E-mail also advances in the 4.0 software. The formerly bland mail module, in addition to gaining a spell-checker, has been spiced up with the ability to use different fonts and colors and embed photos in text or use them as a background.

For example, you can go to the Spin site on AOL, pluck a Madonna album cover to use as a background image for your e-mail, then write on it in red cursive letters.

But your inspiration may be wasted if you send the messages to someone outside AOL. The jazzy messages show up as plain text for folks not on the service.

You can also use the colors and fonts in chat-room messages. And both e-mail and the "instant-message" feature — used to send private notes to other users — allow you to plunk in "hot text" Web links from your "favorite places" list.

Two other conveniences in 4.0 benefit more sophisticated AOL citizens. The new software stores the full set of local access numbers on your machine; if you travel a lot, you'll save precious minutes each time you log in from a new place by not having to dial a toll-free line to look up new local numbers.

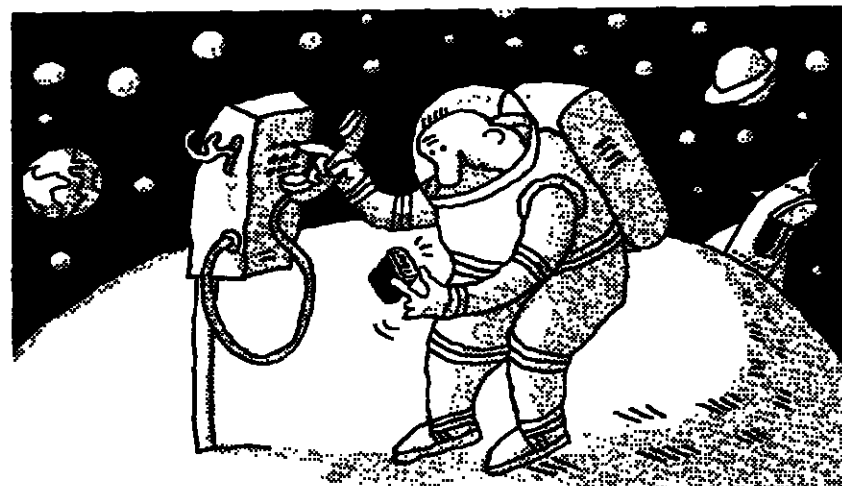
The new ability to change screen names without logging off allows you to quickly slip into a new identity when you enter a pagan chat room or post to an argumentative political news group. It also makes it easier to keep separate personal and business e-mail accounts.

None of the new features puts AOL's general-purpose software ahead of popular, more specialized Internet tools such as Netscape's Web browser or Qualcomm's Eudora e-mail program.

But with more than 12 million subscribers to cater to, AOL is not some hip salon for people who like to live on the edge. Instead, consider it a comfy on-line living room with well-marked paths to — and from — the Internet wilderness.

AOL 4.0 for Windows 95 and Windows 3.1 is free to subscribers at keyword "preview." A Macintosh version is due later this summer.

John Burgess is a computer columnist at the Washington Post.



have quite a bit of choice. For years, pagers were associated with technicians and doctors; you wouldn't expect to see one on the belt of a corporate vice president. But business people eventually discovered the joys (in both the literal and ironic sense) of being always available.

Drug dealers also bought them, which is no surprise, because they are business people too. Their business just happens to be illegal.

The '90s saw the pager enter the home. The Personal Communications Industry Association estimates that about 34 percent of all pagers in the United States are for personal use. Boy-friend-girlfriend, husband-wife, mother-child — the uses are endless.

Pagers have been integrated into the World Wide Web so that you can type a message on your computer screen and it magically appears on the pager's screen a few seconds later. Pagers have become mini-receivers for information services — stock quotes, sports scores and other tidbits of information are pumped out to the units over the airwaves.

The evolution continues. Today, 1 percent to 2 percent of pagers are two-way units. As we all know now, the great frustration of most pagers is that you don't know whether a message got through. Is so-and-so ignoring you, or simply unaware that you're eagerly awaiting a call? It's like pressing a doorbell button and hearing nothing. You just have to wait and see if somebody responds.

Two-way versions send a signal back to confirm that the page got through. They also allow the pager user to send brief messages.

There's a good case to be made, in fact, that the pocket computer-communicator that we all supposedly will carry around one day will come about not by dumbing down laptops, as many companies are trying to do, but by smartening up pagers.

Okay, Zeus, are we showing enough respect yet?

ALT / Commentary

Pagers Finally Get Their Due

Their Brief Absence Made Americans' Hearts Grow Fonder

By John Burgess
Washington Post Service

WASHINGTON — Who knows but that the gods looked down from Mount Olympus last week and decided we weren't giving enough respect to the little helmsmen that so faithfully serve millions of us, day after day. "Hermes," commanded Zeus, "go spin that satellite up there out of control. That will show them."

So Hermes did, and the next thing we knew, most of the pagers on our belts and in our purses were useless. The Galaxy IV satellite failed, and in numbers too large to count, parents couldn't reach babysitters, patients couldn't reach doctors, clients couldn't reach lawyers, editors couldn't reach reporters.

A great collective whoop of panic and dismay went up across the land. The gods watched and had a merry laugh.

The news media write endlessly about cell phones and wireless modems and laptops that can shoot data through the air using infrared waves. But pagers, the original form of wireless communications that are now in a quarter of U.S. homes, get hardly a word. It's as if we want to punish the industry for inventing something cheap, simple and reliable.

We think of them as never-changing devices. In fact, they have evolved constantly, making clever use of scarce radio spectrum, doing increasingly complex jobs.

Industry lore has it that a radio engineer named Charles Neergard got the ball rolling in 1949. He was a hospital patient and was tired of shouting down the corridor when he needed a doctor, so he thought: Why not use radio tech-

nology to call them?

Early pagers were something like one-way CB radios, brick-sized things carried on the belt. As you went about your day, the voice of an operator chattered away on the unit, reading out messages. Not just yours, everybody's. You listened for your name. If you missed it, it was gone forever.

Later, pagers gained individual identities so that they could pull in just the message intended for them — that is, for you. Each one got an identification number that it listened for, ignoring messages that contained other pagers' IDs. It would beep when it heard its number being called, and you would find a phone and call an operator at a central number to get your message.

In the 1970s came tone and voice pagers — the tone would announce to you that a message was coming, then you'd hear it on the unit. In the early '80s came numeric pagers with little screens that gave you the number, then later in the decade, ones that could do messages as well.

Early pagers worked only in a single community. In time, they went national. The signals, relayed by satellite, would seek you out in several cities at once, blanketing the airwaves with the ID number that your unit would pull in.

The pager industry was a leader in the economic model that years later became the norm in telecommunications — competition. Back when AT&T Corp. ruled coast to coast, paging was dominated by large numbers of mom-and-pop operations duking it out in price and service. That is changing somewhat now, as companies in the \$4 billion-a-year industry consolidate, but you still

TECHNOLOGY INDEX

A glance at technology stock indexes around the world

North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	334.23	+5.31	+15.03
Standard & Poor's Technology Composite	837.24	+2.22	+19.62
Europe			
Morgan Stanley Eurotech	590.45	+2.39	+53.28
Asia			
Topix Electric	1822.17	+0.85	+9.77

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihf.com>. Articles include:

- PaAmSat Says Full Service Won't Be Restored for a Week, May 22
- Motorola Switches Its Bets on Satellites, May 22
- Zapata Goes Fishing but Fails to Land Excite, May 22
- Sega Dreams Up New Video Game, May 22
- Judge Sets Microsoft Trial Sept. 8, May 23-24
- Call Phones Raise Earnings at NTT, May 23-24
- Pentagon Boosts Anti-Hacker Defense, May 25
- On-Line Research Gives Buyers Ammunition, May 25
- EU Appears Set to Ban Digital-TV Venture, May 25
- Piratut to Offer Phone Services in France, May 25
- Software Firms Merge in U.S., May 27
- Telekom to Spin Off Cable-TV Activities, May 27

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International Herald Tribune

Click Here To Access Family Pics

Kodak, Fuji and Others Bet on Internet Albums

By Matt Richtel
New York Times Service

PALO ALTO, California — The photographs show Catherine Stellan and her bean enjoying their vacation on a sandy beach in Mexico. But shortly after their recent trip, the young couple split up. Now they are fighting over custody of the vacation pictures — with a modern twist: They're not at odds over the actual photos, but over the password to view them.

They had signed up for a Kodak program to scan, store and display their photos on the Internet to show to far-flung friends and family. But, well, you know how breakups can be.

"We're fighting over who gets the password" to the Kodak account, said Miss Stellan, a marketing consultant in New York. "I want to give it to my mom, but he says, 'It's not yours to give.'"

The modern-day marriage of photographs and the Internet is here, offering convenience but also side effects peculiar to cyberspace. One thing is sure, though — the concept of storing and displaying pictures on-line is getting a big push from Eastman Kodak Co., its corporate partner Picture Vision Inc. and its arch-competitor, Fuji Photo Film USA.

Last week, Kodak announced a partnership with America Online Inc. to help promote its digital-photography business. Beginning this autumn, AOL's 12 million members will be able to drop their film off at conventional photo-developing stores and then have the images digitized and delivered by e-mail.

As with many loudly promoted aspects of the digital age, however, this one still has some kinks.

Some of the drawbacks of posting photos on-line are that the pictures can take a long time to view and download, the images shown on screen are often grainy, and, once a user has given out his or her password to someone, it is not possible to dictate which pictures that someone can see — or even to prevent them from deleting some of the images.

"I thought it would be great to use it to order reprints, but the quality was so bad," Miss Stellan said. "It's a great idea, but there are still some quirks to work out."

More and more photofinishing shops — working with Fuji or with Kodak and Picture Vision — are offering to scan pictures onto the Internet. They say the process is simple: When a customer drops off film for developing, he or she can pay extra to have the negatives scanned onto the Internet. The images remain on-line for as long as the person pays for the service, which typically costs about \$4.95 a month.

Kodak and the photofinishers say the key to getting consumers interested is to educate them about the benefits.

Bob Dimanson, general manager of APS Photo Center, a photofinishing shop in Palo Alto, is skeptical, but he is covering his bets. He has just spent more than \$10,000 to offer PhotoNet, which is Kodak's on-line program. He said he believed the investment would pay off eventually, even though not many customers at the company's four stores in the technology-conscious Silicon Valley area yet ask for the Internet option.

"We're looking at Kodak's marketing, and if they're going to push this, we hope to be there if it develops," Mr. Dimanson said.

In February, Kodak's chief competitor, Fuji Photo Film USA, introduced Fujifilm.net, which works with photofinishers to scan negatives onto the Internet. For \$4.95 a month, the service will store as many as 125 images; each additional image costs one cent a month.

But Kodak has been the aggressor. In February, the company acquired a 51 percent stake in PictureVision Inc., the dominant player in the field. Through PhotoNet, PictureVision has deals with 9,000 retail stores to scan negatives and store the images on the Internet. By the end of the year, Kodak hopes to be offering the service at 30,000 to 40,000 retail outlets.

Kodak acknowledges that its foray into digital imaging technology is in part an effort to take pressure off the rest of its struggling business. Fuji has battered Kodak in recent months in the film market; in April, Kodak announced its sixth consecutive quarterly profit decline.

Kodak's digital business lost \$440 million last year, but the company insists it is still a good investment.

"Americans will take some 20 billion pictures this year, and the industry will process more than 750 million rolls of film," Dan Carp, Kodak's president and chief operating officer, said. Now, he said, invoking the company's advertising slogan, "People will truly 'take pictures further' than they ever imagined."

SITES

Kodak's Internet photo services can be found at:

www.photonet.com

Fuji's Internet photo services are at:

www.fujifilm.net

Picture Vision's home page is at:

www.picturevision.com

For Emerging Eco

Russia Struggles

Boeing Feels Bump

CURRENCY &

THURSDAY, MAY 28, 1998

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For Emerging Economies, Crisis Isn't Just Asia's Problem

By Clay Chandler
Washington Post Service

WASHINGTON — The financial contagion sweeping through Asia has jumped regional borders, battering markets throughout Eastern Europe, Latin America and Africa and provoking fears of a long-term investor retreat from developing economies.

Currencies in Mexico, Brazil, Singapore, Malaysia, Taiwan, the Philippines and South Africa have suffered heavy losses in the financial markets, as the yen stagnates at a seven-year low against the U.S. dollar.

In Russia, a sharp drop in the value of the ruble has sent Russian bond prices tanking and fueled speculation that the central bank there would have to raise interest rates. Those fears were realized Wednesday as the central bank tripled interest rates to 150 percent.

In Latin America, share prices are tumbling. The Bovespa, Brazil's stock

index, fell 0.6 percent late Wednesday, the Bolsaindex of Mexico fell 1.7 percent, and the Merval index of Argentina tumbled 1.37 percent.

The sell-off in emerging markets around the globe dampened the hopes of many market players that the worst of the Asian financial crisis might be over.

The investor exodus was a "crucially important" development, said Desmond Lachman, an emerging-markets research at Salomon Smith Barney in New York. "There's a different atmosphere now," he said.

Several specialists said they were paying particular attention to Russia as a bellwether in assessing whether financial turmoil in Asia will inflict collateral damage on emerging economies outside the region over the months ahead.

"It has systemic importance," Mr. Lachman said. "If Russia goes wrong, the other economies will be in deep trouble."

The far-flung market declines prompted calls from some analysts for new

measures by the International Monetary Fund and leaders of the major industrial nations to head off deeper losses.

But with the IMF already running low on capital and scrambling to revamp troubled economic support programs simultaneously in Indonesia, Thailand, South Korea and Russia, it remains unclear whether financial authorities from the rich nations have the resources to reverse a protracted deterioration in investor sentiment regarding emerging markets.

An IMF spokesman said Tuesday that in practical terms, after accounting for the sums pledged to crisis-stricken countries and other claims, the fund has cash reserves of less than \$15 billion. That is less than the \$21 billion the fund committed in the \$57 billion support package it assembled for South Korea with the help of rich nations and other donors.

Analysts cited a host of factors as contributing to the stock-market losses. Several said that rioting in Indonesia had forced investors to think more care-

fully about the extent to which restructuring troubled Asian economies would require wrenching social changes.

Others blamed worries about labor unrest in South Korea, where workers at Hyundai Motor Co., the country's largest automaker, and members of a labor confederation opened a two-day general strike Wednesday.

Earlier in the year, South Korea had been regarded as something of a star pupil among the beleaguered Asian economies because its government and its unions seemed willing to embrace painful reform measures to get back on track.

Many analysts attributed the sudden slump to heightened concerns about the weakness of the Japanese economy and a sense of uneasiness that the yen could test new lows in coming months.

"The weakness of the yen is a great concern that could have enormous fallout in Asia and more broadly in emerging markets in general," said Richard Hoey, chief economist at the Dreyfus Corp.



Indonesians waiting Wednesday at a bank in Jakarta to withdraw money.

New Asia Warnings Hit Region's Stocks

By Philip Segal
International Herald Tribune

HONG KONG — Stocks fell steeply across Asia on Wednesday amid fresh warnings about the soundness of the region's banks and economies and fears that the entire region might be headed for another round of financial turmoil.

In Hong Kong, stocks plunged more than 5 percent after the territory's chief executive, Tung Chee-hwa, warned that Hong Kong may join some of its neighbors in falling into recession. In Malaysia, a leading economic official also said a recession might be looming.

The downward jolt in Hong Kong's economic expectations came amid a series of warnings over the health of Asian banks, particularly those in Japan and Indonesia, signaling a possible worsening of the Asian financial crisis after a period of relative optimism on the part of foreign investors during the first part of the year.

Moody's Investors Service Inc. provided one of its strongest warnings Wednesday about Japan's banking system as it downgraded the country's largest bank and four others. Separately, it warned that Indonesia's entire banking system was "broadly insolvent."

There is no growth in Asia, which is quite a shock to people whose whole strategy was predicated on buying su-

perior growth companies," said Niall Gooding, head of sales at Indosuez W. I. Carr in Hong Kong. Hong Kong's benchmark Hang Seng Index closed down 498.78 points, or 5.3 percent, at 8,983.43, the worst single-day drop on the market since January.

Japan's Nikkei 225-stock average fell 1.4 percent, or 220.53 points, to 15,664.29 after Moody's lowered credit and financial-strength ratings on five major Japanese banks, including the largest, Bank of Tokyo-Mitsubishi Ltd. The other banks that were downgraded were Dai-ichi Kangyo Bank Ltd., Sakura Bank Ltd., Industrial Bank of Japan Ltd. and Sumitomo Bank Ltd.

The U.S. credit-rating company also warned that it might lower ratings of four other top Japanese banks, triggering sales of banking stocks in Tokyo.

"The downgrades reflect concern that Japanese banks are facing a third wave of asset quality problems," Moody's said, "because of the weakening domestic economy, on top of existing problems resulting from the East Asian crisis and the collapse of the bubble economy."

The announcement came only days after the banks reported weak earnings for the year that ended March 31. Ten of Japan's biggest banks announced losses

Russia Struggles to Save the Ruble From Collapse

By Daniel Williams
Washington Post Service

MOSCOW — Russia fought hard to prop up the ruble Wednesday and avoid a currency collapse that analysts said could lead to an economic meltdown.

The mechanism for saving the ruble was dramatic: The Central Bank tripled interest rates to a four-year high of 150 percent in order to lure investors into buying fresh government debt.

The proceeds are for use in meeting government obligations, including the payoff or rollover of old loans. The move followed by a day President Boris Yeltsin's decision to slash spending by 12 percent.

For two days, newspapers have been predicting a major devaluation. To disperse the clouds of speculation, Prime Minister Sergei Kiriyenko has repeatedly said no such devaluation would take place. "Neither the Russian government, nor the Finance Ministry, nor the Central Bank consider any plans for devaluation," he told a meeting of worldwide newspaper editors Wednesday.

The rate increase gave the ruble little help; the dollar rose to 16,600 rubles from 15,800 rubles Tuesday. News of the rate increase sent Russia's battered stock market tumbling even further. The Russia/Skane-Press Stock Market General Index fell 9.11 percent to close at 869.97 points. The index is down more than 50 percent for the year.

Mr. Yeltsin regards a stable ruble as one of the main achievements of his seven-year reign and a symbol of his commitment to an economy in which investors, consumers and savers need not fear a sudden reduction in their money's worth. His government is also anxious that Russia not be seen as the next Indonesia, a land of unrest.

"I particularly want to stress that these measures are aimed at protecting



Moscow stock exchange traders watching share prices tumble Wednesday after interest rates were tripled.

the interests of ordinary citizens," said Sergei Dubinin, president of the Central Bank.

With the Russian stock market reeling, there is some doubt whether Russia can restore confidence all by itself. Russian officials have felt out the International Monetary Fund for a new rescue package of cut-rate loans. Deputy Finance Minister Oleg Vyugin said he "would not rule out" that Mr. Kiriyenko himself might have discussed a package last week with IMF officials.

Some analysts said new outside help was necessary for both economic and political reasons. An IMF loan would make it cheaper for Russia to cover its deficits. It would also be a sign that the West has confidence in Mr. Yeltsin's government.

"If the IMF is not coming up with a plan, it doesn't know what it is doing," said Eric Kraus, chief strategist at Regent European Securities in Moscow.

[The IMF still has not said when it plans to release a \$700 million tranche of an existing \$10.2 billion loan to Russia, which has been frozen since January, Bridge News reported.]

[The IMF's Russia director, Alexei Mozhin, said Wednesday that the IMF would announce a decision Friday on the \$700 million. But he said market rumors that the IMF was considering extending Russia an emergency credit line of \$10 billion was a "fantasy play."]

Ruben Vardanyan, president of Troika-Dialog investment company, said another IMF package of some kind

was "very important to avoid panic."

So far, nothing approaching panic has taken hold on the streets of Moscow. Tellers at money exchange offices reported no dumping of rubles, but only

See RUSSIA, Page 19

Boeing Feels Bumps in Asian Crisis

Planemaker May Cut Back 747 Production Because of Weak Demand

Compiled by Our Staff From Dispatches

SEATTLE — Boeing Co. said Wednesday it would probably cut back production of the 747 jumbo jet next year because of weakening demand from Asia.

In its monthly production update, Boeing said the Asian economic crisis could force a reduction in production rates for the 747 even though most Asian airlines are taking delivery of their planes as scheduled this year.

The company is now making four 747s a month and plans to increase that to five a month in the third quarter. Any decision on lowering 747 production will be made in June, said Boeing's chairman, Phil Condit.

Fred Mitchell, executive vice president of the airplane maker, said: "During the past few months we have been watching our production rates very closely to make sure we match near-term production to market demand. Most airlines in Asia are taking delivery of their 1998 airplanes."

But Boeing executives said they continued to be hampered by production problems that could cause delivery delays through the end of 1998. "It's clear that we are still not out of the woods," Mr. Mitchell said. "The next-generation 737 program continues to be our biggest single problem, and the area with the most risk and uncertainty."

Boeing's stock fell 93.75 cents to close at \$46.3125 on

the New York Stock Exchange. The company has been struggling with production problems since it increased aircraft production about two years ago to meet rising demand.

Boeing has gone from producing about 18 aircraft a month in April 1996 to 26 in early 1997 to a target of 49 by the end of this year, including models formerly made by McDonnell Douglas Corp., which Boeing acquired.

Boeing has raised production of the next-generation 737 to 14 a month from seven and is increasing production of its 777 model to seven a month from five. Mr. Condit said 777 production was unlikely to be affected by the Asian crisis because U.S. airlines' orders were making up for any drop in demand from elsewhere.

Analysts said the company also was having problems delivering aircraft because of delays in obtaining customer approvals and installing customer-specific features.

Boeing said it had delivered 34 jetliners so far this month and planned to deliver 10 more by the end of the month. In April, Boeing delivered 37 planes. It expects to deliver about 250 in the first half of 1998.

Boeing's production problems combined with the cost of absorbing McDonnell Douglas resulted in a loss of \$178 million last year, the company's first loss in 50 years.

(Reuters, Bloomberg)

CURRENCY & INTEREST RATES

May 27 Cross Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
Amsterdam	2.38	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
Brussels	3.48	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
London	1.37	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
Madrid	162.11	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
Mexico	162.11	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
New York	1.37	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
Paris	1.37	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
Tokyo	162.11	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
Toronto	1.37	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
Zurich	1.37	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37
1 USD	1.37	1.37	1.37	164.14	1.37	1.37	1.37	1.37	1.37

May 27 Libor-Libor Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
1-year	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

May 27 Key Money Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
1-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
3-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
6-month	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
1-year	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

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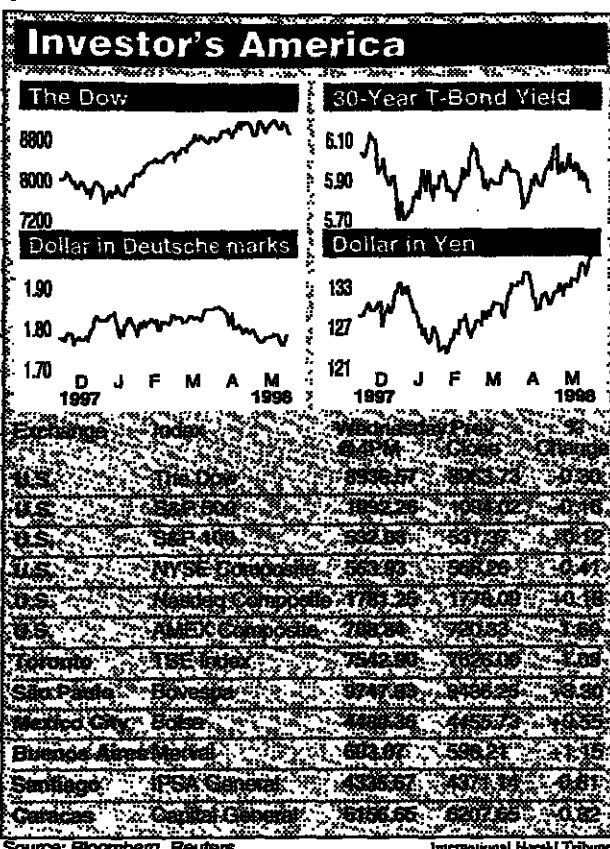
Total Wealth Management from EFG Private Bank is much more than a traditional banking service, it's a total banking solution. It offers every one of our clients the close, personal attention of an international team of people who are expert in every step of private wealth creation and management, from A-Z.

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GUANAY JERSEY MIAMI SAO PAULO BRITISH VIRGIN ISLANDS BRAZILIA
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THE AMERICAS



Very briefly:

- True North Communications Inc., an advertising holding company, will merge two of its agencies, Modem Media and Poppe Tyson Inc., to create Modem Media Poppe Tyson, the world's largest Internet marketing organization.
- Viasat Communications Inc., the \$1.4 billion food company recently spun off by Campbell Soup Co., plans to triple advertising spending on its Viasat and Swanson brands over the next two years. The move came after the company posted a third-quarter loss of \$20.8 million, compared with a profit of \$9.68 million in the year-earlier quarter.
- Summit Resources Ltd., a Canadian petroleum producer, put itself up for sale to lift its share price and hired two investment firms, Morgan Stanley & Co. and Co. Peters & Co., to find buyers.
- International Home Foods, a subsidiary of Hicks, Muse, Tate & Furst Inc., will buy Venice Maid Foods Inc., which manufactures canned pasta and specialty soups. The terms of the deal were not disclosed.
- Cummins Engine Co., a maker of diesel engines, will cut about 1,000 salaried workers from its worldwide payroll to bolster its earnings. The planned cuts represent 4.3 percent of its workforce of 23,500.
- AES Corp. agreed to buy a 90 percent stake in Empresa Distribuidora La Plata SA, an electric utility in Argentina, for \$350 million, almost doubling its customer base in Argentina.
- Grupo Televisa SA, Mexico's biggest broadcaster, plans to cut up to 1,200 jobs as part of a bid to lower costs, the Reforma newspaper reported.
- Mexican department store and supermarket sales soared in April as higher wages and lower unemployment lifted household spending. Sales at the country's department stores rose 15.5 percent, while sales at supermarkets rose 7.8 percent.
- Primedia Inc. said the failure of PanAmSat Corp.'s Galaxy IV satellite would prevent it from broadcasting its Channel One News to schools for the last two weeks of the school year and could depress its second-quarter results by as much as \$5 million.

The Business of Commencement Is Business

By William H. Honan
New York Times Service

NEW YORK — College commencement speakers are customarily drawn from the ranks of judges, authors, former presidents, entertainers and journalists, but the number recruited from the business world this year appears to have been larger than usual.

My clients started off by asking for Bill Gates," said Grada Fisher, president of Fischer-Ross Group, a New York lecture agency that provides commencement speakers.

"I told them Bill Gates doesn't make speeches," he's too busy running his company. So then they ask, 'Who else can you get?'

"With business doing well, I suggest business leaders."

Robert Dilenschneider of Dilenschneider Group, a public-relations organization that recruits lecturers, said he had been deluged with requests for appearances by prominent executives.

"People are pretty upset with politicians — that's part of it," Mr. Dilenschneider said. "Also, the

deathbed ever looked back on his life and said, 'I wish I'd spent more time at the office.'"

The suggestion that the rat race is not necessarily the be-all and end-all was echoed by many commencement speakers this year.

Randall Tobias, chairman of Eli Lilly & Co., repeated the quotation in his address to graduates of Butler University in Indianapolis.

The best measures of genuine success, of true success in life, go well beyond the workplace."

A good number of the business-world speakers this year were women, and their advice did not differ much from that of their male counterparts. Linda Sanford, general manager for global industries at International Business Machines Corp., told graduates of St. John's University in Queens, New York, to "keep grabbing" opportunities throughout their lives.

Muriel Siebert, the first woman to

As speakers, 'Business leaders have turned into celebrities.'

debut in the business world, said she was "thrilled" to be a commencement speaker. "I'm not a celebrity," she said. "I'm just a business leader."

At the same time, some of the business speakers offered this old cautionary adage: "Nobody on his

deathbed ever looked back on his life and said, 'I wish I'd spent more time at the office.'"

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Muriel Siebert, the first woman to

buy a seat on the New York Stock Exchange and now a successful broker, instructed graduates of Case Western Reserve University in Cleveland as follows:

"When you hit a closed door, and it doesn't open easily don't get discouraged. Just rear back and kick the door open."

MBAs Opt for Consulting

Andersen Consulting is hiring 500 business school graduates this year, up 15 percent from a year ago. Chrysler Corp. is hiring about 20, the same as last year. For newly minted masters of business administration, consulting has become their pot of gold, Bloomberg News reported.

Top business graduates will average about \$150,000 in total compensation for their first year as consultants, university officials said.

Behind the expansion in consulting is the rapid change among U.S. corporations, which has led to increased use of consultants. "Many companies are being forced to rethink their core business strategies," said David Reed, a recruiter for Andersen Consulting in Chicago.

Dollar Gains As Investors Flee Russia

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rallied against European currencies Wednesday as investors fled the panicked financial markets of Russia.

Russian interest rates soared after a failed government bond auction. Stocks plummeted in Moscow, and the ruble weakened.

Germany is Russia's largest creditor, and economic or political un-

FOREIGN EXCHANGE

certainty in Russia tends to undermine the Deutsche mark and other German assets.

"The dollar rally against the mark was highly correlated with the Russian chaos," said Dominick Pressa, chief dealer at Generale de Bank. "European corporate customers stepped all over each other to sell the mark in the face of the mushrooming crisis."

Despite official Russian statements to the contrary, "People are betting on a ruble devaluation, which would hit the Deutsche mark," said Jack Griffin, institutional salesman at Westpac Bank.

The dollar rose to 1.7835 DM in 4 P.M. trading from 1.7705 DM on Tuesday. It also gained to 5.9800 French francs from 5.9380 francs and to 1.4735 Swiss francs from 1.4698 francs. The pound fell to \$1.6310 from \$1.6363.

Persistent troubles in Russia could hinder Germany's recovery and reduce the likelihood that the Bundesbank will raise rates soon.

"Problems in Russia or the Eastern Europe would be an argument against an interest-rate tightening in the euro zone," said Paul O'Brien, an asset manager at Miller Anderson & Sherrard.

But some analysts said European interest rates would still have to rise before a single currency is implemented in January. The policy-making Bundesbank council meets Thursday, and economists expect the Bundesbank to leave rates unchanged after a preliminary report on Western German inflation showing that price pressure is still subdued.

The dollar slipped to 137.37 yen from 137.865 yen as investors locked in profits after its recent rally against the Japanese currency. But analysts said turmoil in South Korea and Indonesia should help lift the dollar against the yen over the longer term.

(Market News, Bloomberg)

Gateway Offers Browser Choice

The Associated Press

NEW YORK — Gateway Inc. said Wednesday it planned to let some customers choose which Internet browser they use in its new home computers after winning the concession from Microsoft Corp.

The move came after government lawyers sued Microsoft over its allegedly monopolistic contracts that force personal-computer makers such as Gateway to install Microsoft's software for viewing and retrieving information on the Internet.

Netscape Communications Corp., which pioneered the market for Internet browsers, has seen its sales slide dramatically due to Microsoft's aggressive marketing practices.

Starting next week, Gateway will let buyers of its computers who sign up for its Internet service choose between Netscape and Microsoft software as the "default" browser that automatically boots up on the screen when they access the Internet.

Previously, Microsoft's Internet Explorer software was always the default browser.

MARKETS: New Fears About Asia Cause Broad Drop

Continued from Page 1

"Arguably, you could say that we have been in a bull market since the first of August, 1992, with about 10 down days," Mr. Collins said.

While some analysts might dispute that, the Dow industrials are trading at more than 10 times the \$22.11 close on Aug. 2, 1992. That is a total return of almost 16 percent a year over the period, not counting reinvested dividends.

Yet while he said he expected a "payback" to pull the market back down toward its average rate of advance, Mr. Collins was not predicting a sell-off. "The market should be okay through 1998," he said.

With all of the worldwide turmoil, Thomas Herzfeld, whose Thomas J. Herzfeld Advisors Inc. in Miami specializes in closed-end mutual funds, said he thought some of the emerging markets had become undervalued in the recent rush out of the markets.

"I get comfort from the fact that you are seeing some very nervous investors in emerging markets," Mr. Herzfeld said, seeing the sharp sell-offs as signs that the fears were overdue.

Mr. Herzfeld said "brave" investors could consider two closed-end Russia funds, Templeton Russia Fund Inc. and Morgan Stanley Russia & New Europe Fund, as well as

the Scudder Spain & Portugal Fund, whose managers are under pressure to reduce the discrepancy between the price of its shares, which are traded on the New York Stock Exchange, and the value of the assets that the fund holds.

The financial crisis in Asia began in July when Thailand was forced to devalue its currency, the baht. This

reduced the cost of its exports to other countries, putting pressure on its neighbors to devalue their currencies to remain competitive.

While a weak currency is good for a country's exporters, it is anathema to overseas holders of stocks and bonds, and the subsequent round of competitive valuations in Asia had investors fleeing the region and made it difficult for indebted companies in the region to pay off loans denominated in other currencies.

Analysts and portfolio managers at Scudder Kemper Investments Inc. laid the blame for the crisis on the weakening of the yen in the 1990s. When the yen was strong, according to Maureen Allyn, the firm's chief economist, the developing countries in the region were able to price their exports below Japan's, while that country provided a healthy market for their goods.

U.S. STOCKS

The weakness of the yen, in contrast, made Japan a competitor for exports and reduced its ability to pay for Asian imports. Now, with their devalued currencies, the Asian countries are exporting relatively inexpensive goods, keeping prices low in nations that can afford them but making it hard for competitors to do business.

Unless Japan can revive its economy, analysts said, it would be difficult for the other Asian nations to generate sufficient exports to get their own houses in order.

Technology Issues Mixed

Technology stocks, which have been market leaders, were a mixed bag Wednesday, Bloomberg News reported.

Netscape Communications rose 1 1/2 to 2 1/4 a day after reporting stronger second-quarter earnings than analysts expected.

While the Internet software maker said it earned just \$8,000 in the quarter, down from \$7.31 million a year earlier, analysts had been expecting the company to post a loss.

Dell Computer was the most actively traded U.S. stock, rising 2 3/4 to 86 1/4 to snap a week of losses. Investors had scored on the stock after the company said it had cut prices to increase sales.

INTERNATIONAL FUTURES

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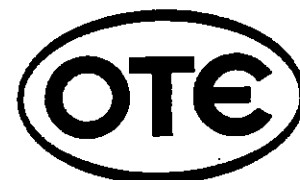
HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE) AND SUBSIDIARIES

Condensed Consolidated Financial Statements
Prepared under International Accounting Standards
as of December 31, 1997
(In millions of Greek Drachmae)

CONSOLIDATED BALANCE SHEET			
Assets		Shareholders' Investment & Liabilities	
Intangible assets, net	14,469	Shareholders' investment	340,237
Fixed Assets		Share Capital	239,143
Telecommunication Property, Plant and Equipment	1,550,020	Paid in Surplus	319,266
Less: Accumulated Depreciation	(635,862)	Reserves and retained earnings	898,646
	914,158		16,093
Investments	143,595	Minority interest	168,184
Other non current assets	36,984	Reserves for staff retirement and other employee benefits	19,818
Deferred income tax benefits	63,386	Other reserves and long-term liabilities	128,802
	243,965	Long-term debt	110,420
		Subsidies, net of amortization	
Current Assets		Current Liabilities	
Cash and cash equivalents	184,031	Bank loans and overdrafts	10,088
Accounts receivable	233,901	Accounts payable	64,531
Materials and supplies	13,943	Income taxes payable	66,742
Other current assets	68,366	Dividends	100,061
	500,241	Other current liabilities	89,448
	1,672,833		330,870
			1,672,833

CONSOLIDATED STATEMENT OF OPERATIONS		MOVEMENT IN SHAREHOLDERS' INVESTMENT	
Operating revenues	809,439	Shareholders' investment, January 1 as previously reported	615,866
Operating expenses	(513,873)	Fixed asset register adjustment	(3,635)
Operating profit	295,566	Shareholders' investment, January 1 as restated	612,231
Financial, net	8,797		
Gain on sale of investment	11,000	Net profit for the year	197,938
Other, net	(4,088)	Capital increase	23,738
	15,709	Paid in surplus, net of share issuance expenses	164,542
Profit before income taxes	311,275	Dividends declared	(99,803)
Income taxes	(113,421)	Shareholders' investment, December 31	898,646
Profit after tax	197,854		
Minority interest	84		
Net profit for the year	197,938		

The major differences between Statutory and IAS financial statements relate to the accounting of staff retirement and other employee benefits, subsidies and deferred income taxes. The finalization of the Organization's fixed asset register resulted to an adjustment of Drs. 3,635, which has been charged against opening retained earnings. No comparative figures are provided as no consolidated financial statements as of December 31, 1996 were prepared.



HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A. (OTE S.A.)

THE SHAREHOLDERS OF THE HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.
(REGISTRATION NUMBER 347/06/B/86/10) ARE HEREBY INVITED TO THE FORTY-SIXTH (46TH) ORDINARY
GENERAL ASSEMBLY (FISCAL YEAR ENDING ON 31/12/1997)

Pursuant to the Law and the Company's Articles of Association and following decision No 2558 of the Board of Directors, taken on 19/05/1998 the Shareholders of the Hellenic Telecommunications Organization S.A. are hereby invited to the 46th Ordinary General Assembly, to be held on June 17th 1998, Thursday, at 12.00 hours, at the Hilton Hotel (46, Vas. Sofias Avenue - Athens), in order to discuss and decide on the agenda herebelow:

1. Presentation of the Management Report drafted by the Managing Director and Audit Reports compiled by the Chartered Auditors and an Auditor of international repute, in respect to the annual financial statements of fiscal year 1997, including the financial statements of the Company's affiliates and the financial statements as per the International Accounting Standards.
2. Approval of financial statements and reports for fiscal year 1997.
3. Approval of profits distribution.
4. Acquittal of the Board of Directors and Auditors from any compensation liability for the fiscal year 1997, pursuant to Codified Law 2190/1920.
5. Approval of remuneration paid to the members of the Board of Directors and determination of their remuneration's form.
6. Approval of remuneration paid to the Chairman of the Board of Directors and the Managing Director and determination of their remuneration.
7. Appointment of Chartered Auditors (two principal and two deputy auditors) and one auditor of international repute for fiscal year 1998, in accordance with Law 2257/945 and determination of their fee.
8. Increase of share capital, resulting from capitalization of reserves, due to a revaluation of land and buildings, at 31/12/1996 (Law 2065/1992).
9. Issuance of an irrevocable order to the Board of Directors to decide on the settlement of any proportional rights - through purchase or sale of shares - resulting from the share capital increase.
10. Modification of Article 5 of the Articles of Association of the Company in view of the above-mentioned share capital increase.
11. Authorization, to be granted to the Board of Directors, related to action to be taken in order to convert the company's shares into immaterial shares, according to Law 2396/1996, as modified by Law 2533/1997 and subsequent modification of the intents of the Articles of Association affected thereby.
12. Approval of incentives schemes to the Company's personnel through distribution of shares.
13. Miscellaneous announcements.

In order to participate, in person or by proxy, in the said Ordinary General Assembly Shareholders must, in accordance with the Law and the Company's Articles of Association, deposit their share certificates with any bank in Greece or abroad: the Consignations and Loans Fund; or OTE's Treasury (99, Kifissias Ave. Maroussi), or OTE's Share Registration Office (1st floor, 15, Stadiou Street, Athens) at least five (5) full calendar days before the appointed date and time for the Ordinary General assembly, (12/06/1998, 12.00 hours).

By the same deadline, Shareholders must also have deposited the Share Depository Receipts as well as the proxy form with OTE's Share Registration Office, at 15, Stadiou Street, Athens.

By authorisation of the Board of Directors

Athens, 22/5/1998

D. Papoulias
Chairman

Founder's Foundry

Turn: 10-11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000-1001-1002-1003-1004-1005-1006-1007-1008-1009-1010-1011-1012-1013-1014-1015-1016-1017-1018-1019-1020-1021-1022-1023-1024-1025-1026-1027-1028-1029-1030-1031-1032-1033-1034-1035-1036-1037-1038-1039-1040-1041-1042-1043-1

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ASIA/PACIFIC

Hyundai Founder Plans Cattle Drive Across the DMZ

By Kevin Sullivan
Washington Post Service

SEOUL — Over the years, the village of Panmunjom, which straddles the border between North and South Korea, has seen war, defections, spies, shoot-outs, exploding land mines and even a couple of murders.

But it's been a while since it has seen a good cattle drive.

Now one of South Korea's most powerful business tycoons wants to change that. Chung Ju Yung, founder and honorary chairman of Hyundai Corp., is seeking permission from both governments to personally drive 1,000 cattle through Panmunjom into North Korea next month.

Mr. Chung, 83, who was born in what is now North Korea, says he wants to help his homeland, which is suffering from severe food shortages and the collapse of its economy.

Mr. Chung and Hyundai are also interested in a wide range of other enterprises in the North, ranging from textiles to electronics, for which Hyundai executives ultimately see a large pool of inexpensive labor.

A Hyundai spokesman said Mr. Chung would focus his discussions on a plan that he first broached during a trip to the North in 1989 for building a large tourist complex in the unspoiled North Korean countryside at Diamond Mountain, south of Asan.

This month, Mr. Chung sent a shipload of 10,000 tons of corn to

North Korea in the hopes it would eventually get to his hometown in Tongchon. Now Mr. Chung's dream is to load cattle onto 45 big trucks and run convoys through Panmunjom across the world's most heavily fortified border.

"I will drive the cattle into the North through Panmunjom within a month; North Koreans can use the cattle as they please," Mr. Chung said in Seoul.

The fact that no one has officially said no to Mr. Chung's dream —

DMZ. South Korea's strict policies about dealings with the North also make it almost impossible for Mr. Chung to leave his trucks in North Korea — or to bring them home.

Still, there are encouraging signs. The Kim government has granted far more permits to do business with the North than any of its predecessors. Where it used to be illegal for South Koreans to even talk to a North Korean, it is now relatively common for business officials to travel to Pyongyang to discuss new ventures.

North Korea has encouraged Mr. Chung, saying, 'We are appreciating his patriotic hope.'

dubbed "Operation Rawhide" by some — signals the remarkable change in climate between the two Koreas.

For decades, about the only things that crossed the border were spies and birds. But now, especially since the inauguration of President Kim Dae Jung in South Korea this year, relations are calmer, and both sides are encouraging more business and cultural exchanges.

So far, neither the North Korean nor the South Korean government has officially approved Mr. Chung's cattle plan. Crossing the demilitarized zone by truck would be dangerous and difficult because bridges are old and weak and the roads snake through live minefields — and a million or more soldiers are stationed within a few miles of the

And this month, a troupe of South Korean children affiliated with the Unification Church went to Pyongyang to give song and dance performances.

Even the American pop idol Michael Jackson is getting into the act, promising to give a benefit concert for North Korea's starving children in Seoul in October, with his friends Elizabeth Taylor and Luciano Pavarotti also appearing. Mr. Jackson also wants to give some kind of performance in the DMZ, which may be even harder to pull off than a cattle drive.

Mr. Chung's interest in North Korea is closer to the bone, as he grew up there as the eldest son of a peasant family. In 1989, he toured the area near his hometown, meeting relatives and discussing his proposal

for the tourist complex at Diamond Mountain.

So far, officials and the South Korean press have responded to Mr. Chung's cattle-drive plan with a mixture of bafflement and amusement. While many people find the idea charming, it, like inter-Korean relations generally, still has many obstacles to overcome.

North Korea has offered encouragement to Mr. Chung. "We are appreciating his patriotic hope," North Korea's official state news service said last week.

Kang In Duk, the South Korean minister of unification, said in an interview that if the plan won the approval of North Korea and the United Nations Command, the military force that controls the southern half of the demilitarized zone, "I personally would have no objections." That goes for Mr. Jackson's proposed DMZ performance as well, he said.

Jim Coles, a UN command spokesman, said that so far no one had made a formal request to drive the cattle through the DMZ. But Mr. Coles said the convoy would be a first. He said that, as far as he knew, the last time any vehicle drove across the DMZ was in 1976, around the time of an incident in which a group of North Korean soldiers used axes to slaughter two American officers overseeing a tree-trimming operation in the zone.

Since then, any delegations that have passed through Panmunjom have had to drive to the border, get

out and walk across to the other side, then get into cars for the remainder of their journey. Former President Jimmy Carter did that in 1994 when he went to Pyongyang to meet with the former North Korean leader Kim Il Sung.

To reach the DMZ, Mr. Chung's convoy would have to pass over "Freedom Bridge," a one-lane structure that is showing its age. The bridge is not designed to be permanent, and its abutments are packed with two tons of explosives to make it easy to destroy in the event of a North Korean invasion.

There are two bridges connecting North and South, and UN soldiers assigned to the DMZ last week chuckled at the notion of either of them being used for large trucks filled with cattle.

Neither the Bridge of No Return, which got its name during prisoner-of-war exchanges after the Korean War, nor the 72-Hour Bridge, which was built in that amount of time by the North Koreans in 1976, is sturdy enough to withstand that kind of traffic, they said.

Mr. Chung is also running into problems with South Korea's complicated "rules of engagement" with North Korea. Officials at the Unification Ministry say cows qualify as humanitarian aid, but trucks do not — so Mr. Chung's trucks would not be allowed to stay in North Korea, where they could conceivably be diverted to military use.

But the trucks can't come back to the South, either. Officials in Seoul say they fear that bringing the trucks back could introduce hoof-and-mouth disease to South Korea.

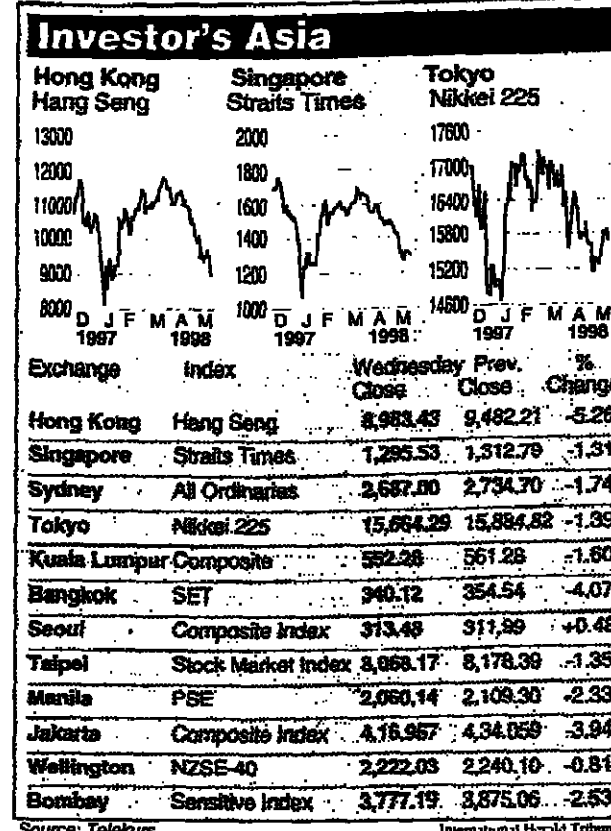
The North says it has no such disease problem and refers to the South's statements that it does as "utterly nonsensical jargon" and "downright lies" made with "a sinister intention to openly slander the North."

Hardly a good way to keep them dogs rollin', rollin', rollin'....

Trucks Being Prepared

A Hyundai executive said Wednesday that 45 five-ton trucks were being prepared at a Hyundai Motor Co. factory to transport the cattle, which can be used either for meat or for farm work. Reuters reported.

The executive said the trucks would also form part of the donation being made to the North. "There has been dispute about what to do with the trucks after the trip, but it seems like North Korea has decided to accept them," the farm official said.



Very briefly:

• The International Monetary Fund said the Philippines' economic program was "broadly on track," but it voiced concern over the government's deteriorating budget position. It made its comments in a review of the country's compliance with economic targets negotiated as part of a new \$1.6 billion standby aid program.

• Chang Sheng, a Taiwan consortium, won a contract to build a transit system linking Taipei with its international airport. The consortium submitted a bid of 60 billion Taiwan dollars (\$1.8 billion) to build the 34.6-kilometer (21.6-mile) system.

• Toyota Motor Corp. plans to increase its stake to more than 50 percent in Daihatsu Motor Co. and Hino Motors Ltd. to strengthen ties within its group of companies in response to consolidation moves at some of the world's major automakers. Toyota's president, Hiroshi Okada, said. Toyota owns 33.4 percent of Daihatsu and 20.1 percent of Hino.

• Australia & New Zealand Banking Group Ltd. posted an 8 percent rise in first-half profit, to 625 million Australian dollars (\$388.9 million), as a strong domestic performance and cost-cutting offset the bank's heavy exposure to Asia. The bank set aside 159 million dollars in provisions for doubtful debts in Asia.

• The Asia-Pacific region's personal-computer factory shipments fell 4 percent in the first quarter from a year earlier. International Data Corp. said. But for the year, the research firm is forecasting a 5 percent increase in PC shipments for the region, excluding Japan.

• Nintendo Co. named Hasbro Inc., a U.S. toymaker, as its major licensee to make and market products featuring its popular Pocket Monster, or Pokemon, characters, including games, in the United States.

• Crown Ltd. appointed Robert Riley, head of Hong Kong-based Mandarin Oriental Hotel Group, as chief executive to try to restore the operator of Australia's biggest casino to profitability.

AP, Bloomberg, Reuters

ECONOMY: Crisis Spreads and Deepens as Japan Becomes Part of the Problem

Continued from Page 1

and the danger of currency and stock-market chaos spreading not only to Russia but to other emerging markets, meant that "we are at a critical turning point."

The most troubled Asian nations, Mr. Coles said, "all have huge amounts of domestic bank debt to deal with, and there is insufficient liquidity available, and one of the key reasons why there is insufficient liquidity is the credit crunch in Japan, which is causing Japanese banks to reduce credits for other countries in the region."

In countries such as South Korea or Thailand, the lack of enough money to even finance working capital for companies that need to export, combined with the effect of austerity policies imposed by the International Monetary Fund, have resulted in

skyrocketing interest rates. That, in turn, is creating political pressure, labor unrest and social tensions.

The crisis is also being prolonged by the slow pace of corporate restructuring and banking-sector reform in much of East Asia.

Yet without Japan's help, the recession that is afflicting the rest of Asia now looks set to worsen. Robert McKee, chief economist at Independent Strategy in London, said Japan's stagnation was compounding an already perilous situation.

"I think markets are waking up to the fact that East Asia is really moving into deep recession," he said. Mr. McKee said Hong Kong could stay in recession for much of 1998, while South Korea's and Thailand's economies would probably contract by 6 percent to 7 percent and Indonesia's by as much as 15 percent. Even China, which is hoping for an

8 percent growth rate, might not grow by more than 4 percent to 5 percent this year.

On Wednesday, several economists contrasted Japan's inability to help the region with the role played by the United States after the Mexican crisis of early 1995. At that time, the United States provided much capital and a ready market for Mexican goods, softening the worst effects of the crisis.

"When Mexico had its crisis," said Robert Hormatz, deputy chairman of Goldman Sachs International, "the United States was in a position to buy everything Mexico had to sell, and that helped Mexico to generate exports it needed to overcome its difficulties." But in the Asian crisis, he said, "Japan's economic weakness makes it hard for these countries to recover, because Japan is not generating demand for their products."

In addition, the inability of Japan to help stabilize the situation in Asia means the Asian crisis is being prolonged, and is even spreading, with investors starting to punish other economies that have similar problems, such as Russia.

"Russia is being hit by the ricochet effect," Mr. Hormatz said. "In addition, the weakness in Asia has weakened commodity and oil prices, and that is causing problems for Moscow."

Mr. Coles stressed that Japan's paralysis was not only worsening the situation in Asia but having a "huge impact globally." He said more than half of the incremental demand for global energy in the past five years had come from Asia, "but now Asia has gone into reverse, and so oil is at \$12 a barrel, when Russia had been counting on foreign-exchange earnings at \$20 a barrel."

Mr. McKee said global investors were now scrutinizing other emerging markets that had Asian-style problems. "That means we could soon see more problems developing in South Africa, India and Brazil," Mr. McKee said.

While Europe's economic recovery continues in spite of the Asian crisis, economists and policymakers admit that the continuing Asian slowdown will trim growth rates this year. Evidence of that surfaced Wednesday as France reported its biggest trade deficit with Southeast Asia in seven years in the first quarter.

The deficit with eight Asian nations not including Japan tripled to 4.25 billion francs (\$715.7 million) from 1.40 billion francs in the fourth quarter and contrasted with a surplus a year earlier.

U.S. Unit Drags Nissan to Another Loss

Reuters

TOKYO — Nissan Motor Co. posted an annual loss Wednesday for the fourth time in five years, but Japan's second-biggest automaker said it was aiming to break even this year.

Nissan posted a consolidated net loss of 14 billion yen (\$102 million) for the year to March 31, compared with a profit of 77.7 billion yen the previous year. Sales edged down to 6.65 trillion yen, from 6.66 trillion yen.

The biggest loss came from Nissan's U.S. operations, which recorded an 80 billion yen loss last year, including 50 billion yen to clean up a car-leasing mess after a slide in used-car prices saddled the company with heavy residual losses.

"We pushed things a bit too far," Kanemitsu

Anraku, a managing director, said of the company's leasing and incentive activities in the U.S. market.

Although the leasing problem is out of the way, Mr. Anraku said the company expected an additional 5 billion yen loss in the United States this year as it trims bulging inventories, equal to more than five months' supply.

Nissan, in a bid to return to profitability, last week announced a three-year restructuring plan that includes selling off assets, trimming costs and focusing on profitable product lines.

Mr. Anraku also said that new models in the domestic market, including the Cube compact wagon launched in February, were increasing sales at home, with figures for May likely to exceed levels from a year earlier.

Turmoil in Asia Slims Down Suzuki's Net

Bloomberg News

TOKYO — Suzuki Motor Corp., Japan's largest maker of minivehicles, said Wednesday that profit fell 10 percent in the year ended March 31 and would probably fall again this year as the troubled economies of Japan and Southeast Asia dragged down sales.

The company said group net profit fell to 30.2 billion yen (\$21.9 million) from 33.6 billion yen in the year-earlier period. Sales fell 1 percent, to 1.5 trillion yen. Sales of minivehicles — cars and trucks with 660 cubic-centimeter engines or smaller — fell in Japan after an increase last year of the sales tax.

Plummeting currencies across Southeast Asia made Suzuki's cars and motorcycles too expensive in many Asian countries. Japan accounted for almost half of Suzuki's sales during the year. Asia, including India and China, accounted for an additional 13

percent. With sales lagging, the company had to raise advertising spending.

"With the economy in such bad shape, we had to spend a lot on incentives and advertising," said Yoshio Saito, the company's vice president.

Suzuki spent 17 billion yen on sales and promotions during the year, 70 percent more than the previous year, the company said.

Sales in Japan fell 11 percent, to 80,193 vehicles. Minivehicles accounted for almost 95 percent of the company's domestic vehicle sales.

The company warned that the current year looked even worse. Parent-company net income for the year ending in March is expected to be down 5.6 percent to 9 billion yen on sales of 1.15 trillion yen, down 2.5 percent. The company does not estimate group profit, though Mr. Saito said "group net will also slide."

RUSSIA: Moscow Struggles to Rescue the Ruble From Collapse

Continued from Page 13

seasonal increases in dollar purchases in advance of the vacation season.

"People have heard about it, but I don't think anyone is too afraid yet," said Irina Galindo, an accountant and a dollar-exchange customer on Kutuzovskiy Prospekt. "I don't feel a need to rush to buy dollars."

An uncontrolled devaluation would risk unleashing a spiral of problems.

As in East Asia, a currency crash would make it more expensive for Russia and private Russian business people to pay off foreign loans denominated in strong currencies. Businesses might go bankrupt and banks in Germany, France and Britain that have made millions of dollars

worth of loans would lose money.

Attracting foreign investors, who have largely fled the Russian market, would be difficult.

At home, confidence in the government would probably be shattered as the poverty of millions of Russians deepened. Even before the ruble seemed vulnerable, coal miners struck for back wages and blocked the country's rail lines in protest. In the early 1990s, steep devaluations and high rates of inflation wiped out the savings of most Russians.

"A repeat would be disastrous," said Mr. Kraus, the analyst at Regent European Securities. "In the current conditions, there could be no such thing as just a 10 percent devaluation. It would be

much steeper. It would be dynamite."

Many analysts point to a decline in oil prices as the spark for the current crisis. Oil and natural gas are Russia's two top exports and its main providers of tax revenues.

Fuel companies have been given tax breaks to compensate for declining income at a time when higher interest rates increase the cost of government borrowing. The result: a squeeze on the treasury and pressure to print money.

Mr. Kiriyenko had been counting on the sale of a 75 percent stake in RAO Rosneft, a government-owned oil company, to provide an injection of funds. But the auction, which took place Tuesday, attracted no buyers. The government will put the firm up for sale

again in June, at the same asking price of \$2.1 billion. On Monday it will announce terms of the next auction.

Russia's finances have also been in a mess due to inefficient tax collection. The periodic IMF certification of Russia's performance in order to release loan installments has become a kind of stylized ritual. Russia almost never fulfills previous conditions, but promises to do better in the future; the IMF releases the money on the pledge.

After talks with Russian officials, the IMF released a statement saying that it "welcomed" new budget-tightening measures. It has denied that the Russians have already made a request for extra money, even though several officials here have said the issue was brought up last week.

ASIA: Warnings Depress Stocks

Continued from Page 13

that totaled 1.29 trillion yen (\$9.39 billion) in their latest financial year amid massive write-offs of bad loans.

Regarding Indonesia's banks, the rating concern said bad loans made up as much as 75 percent of their portfolios. Indonesian stocks fell 3.9 percent, Thai stocks fell 5.2 percent, those in Singapore lost 1.32 percent, and Australia's All-Ordinaries fell 1.7 percent, dragged down by the gloom in Asia and a fall in the Dow Jones industrial average.

In Kuala Lumpur, Malaysia's chief economic adviser, Daim Zainuddin, warned that the economy could slide into its first recession in more than a decade if economic problems persisted.

"The threat of stagflation, a recession in the economy and high inflation can be

come a reality," he said. If this happens, he said, "there will be much pain."

Mr. Tung, addressing a meeting of Hong Kong's diplomatic and foreign media corps, said: "We are now in the depth of a major economic adjustment, the result of which may be prolonged and painful to everyone. The growth of the economy will fall substantially and indeed may even be negative."

His remarks came before the South China Morning Post, quoting government economists, said the government would announce Friday that the Hong Kong economy had shrunk in the first three months of the year, its first quarterly decline in 13 years.

In February, in outlining its budget for the year, the government predicted inflation-adjusted growth of 3.5 percent for 1998.

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Following our appointment by the Extraordinary General Meeting of Shareholders of Luxor Investment Company (the "Fund") (in liquidation) dated April 27, 1998 deciding to put the Fund into liquidation, we, as liquidator, have calculated the distributable net assets per share being USD 6.72, at the end of the liquidation period fixed as at May 15, 1998.

The liquidation net assets have been audited by Couvens & Lybrand, auditors to the liquidation and approved by the shareholders during a meeting held on May 18, 1998.

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INVESTING IN THE CZECH REPUBLIC

A NEW URGENCY TO MOVE AHEAD

In the run-up to the June elections, the current government is stepping up its program of reforms.

When the Czech Republic's government faces the voters in early elections June 19-20, it may find its newfound will to reform facing a public concerned about 10 percent inflation and a 5.2 percent unemployment rate.

For the current government, winning a mandate is crucial; the caretaker cabinet under Josef Tošovský, former Central Bank governor and now interim prime minister, is hampered in carrying out reforms and privatizations for fear that the next government will roll them back.

Mandate for reform needed

If voters reject the current right-of-center government and fail to give its replacement a clear-cut mandate to carry out planned economic reforms, then, according to Jonathan Stein of the Institute for East-West Studies in Prague, "it's possible that things will get worse before they get better."

Recent legislation is slowly dismantling the web of cross-ownership among banks, investment funds and corporations that has hindered the Czech Republic's industrial restructuring and kept last year's industrial growth rate at 1 percent. State officials have also started cracking down on securities fraud, which had put off foreign investors and prevented the economy from expanding.

Finance Minister Ivan Pilip is laying the groundwork for the first stages of privatization of three of the country's largest banks—the key to restructuring and to the financial health of the entire country.

Encouraging precedents

These sell-offs should be easier now that the state has under its belt this year's sale of fifth-ranked Agrobanka to General Electric for 2.1 billion koruny (\$65 million) and, more important, the sale of its 36 percent stake in third-ranked Investiční a Postovní Banka (IPB) to Japanese investment bank Nomura.

"That was successful," says Mark Rooney, a finance and banking consultant with Inventa Manager Program in Prague. The low price of 3.03 billion koruny that the state received because of IPB's bad debts was, he adds, "a huge step forward for privatization."

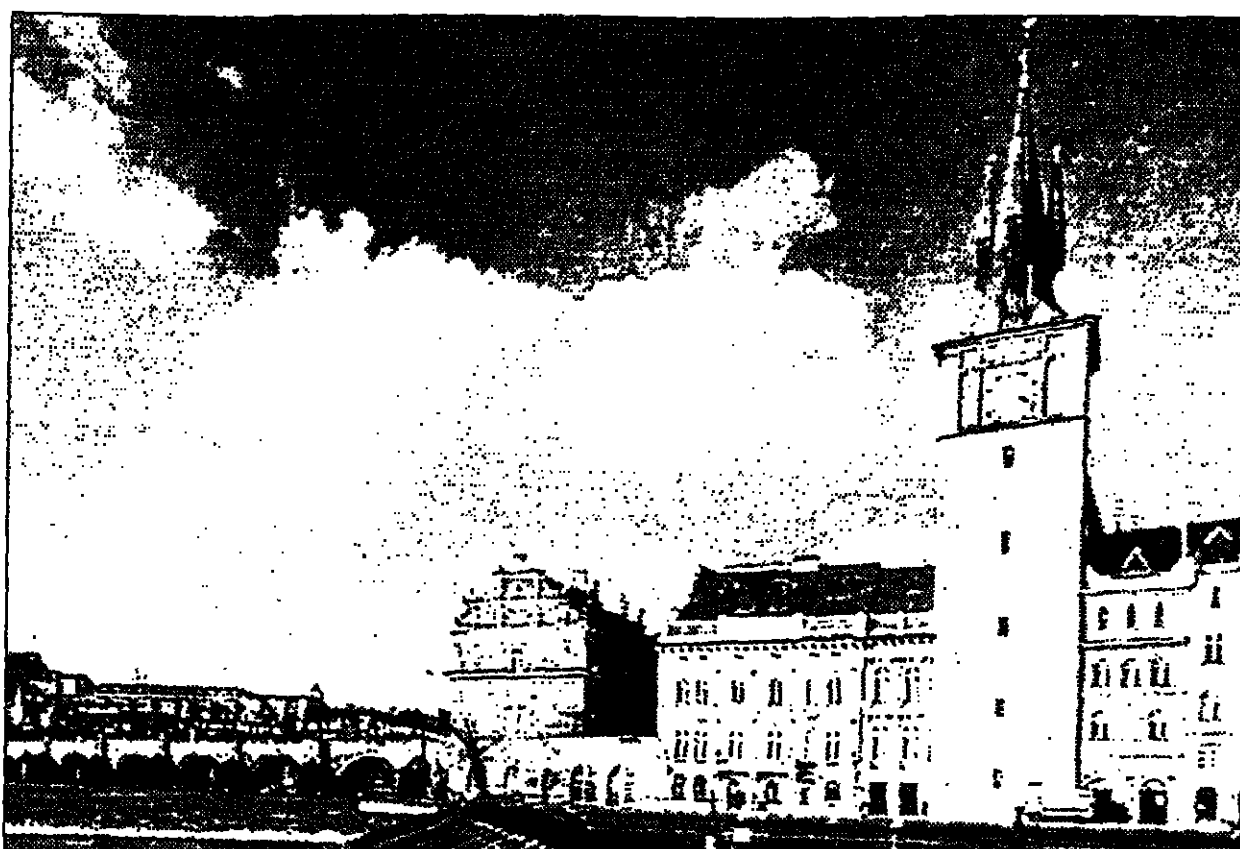
More than 50 other state-owned companies are also to be privatized. A detailed plan for the sell-off of large stakes in 16 electricity and gas distributors is under review, and the state also wants to reduce its holdings in major steelmakers and coal mines.

Markets stable

The country's equity markets, meanwhile, have been stable; the official PX-50 index is within five points of where it was a year ago. Boris Gomez, an analyst for ING Barings, says a strong, progressive government could persuade foreign investors to "get more confident on the market."

In an April report, the International Monetary Fund praised the country's "significant structural reform" and its progress in narrowing its fiscal and trade deficits. It forecasts economic growth of 2 percent to 2.5 percent this year, inflation of 11.7 percent and a current-account deficit of 3.6 percent to 4.1 percent of the country's GDP.

In the end, Mr. Stein says, the Czech Republic's desire to join the European Union will give politicians the excuse to push through needed reforms.



Clearer skies ahead? The IMF predicts economic growth of 2 percent to 2.5 percent this year.

REFORMS MAKE HASTE, BUT SLOWLY

Finance Minister Ivan Pilip has made a name for himself as a reformer by overseeing important financial legislation and pushing for faster privatization of the country's four largest banks. Here he speaks about the progress and limitations of the country's reforms.

You recently attended meetings of international financial organizations in the United States and Kiev. What kind of feedback did you get from investors?

The feeling about the Czech Republic is coming to an equilibrium. People now feel the basis of [last year's] reforms was a good one, but there were some mistakes that you could hardly avoid: some underestimation of the problems of the reforms, such as in the regulatory framework for the financial markets and the privatization of banks. These started to be solved a year ago with the two so-called [austerity]

packages to restructure the economy. Now people want to know what the aim of the new government will be as far as the reforms are concerned.

How satisfied are you a year later with the consequences of the austerity packages?

They've been quite successful, especially if you take into account the political situation in which they were prepared. Many of the things that we declared as priorities have been fulfilled, at least partly—for example, bank privatization, the establishment of banking and investment-fund legislation, and the establishment of the Securities Commission. We've seen some growth in the last quarter of last year and the first quarter of this year. There has been improvement in the current account and a very high increase in productivity. We've limited the increase of [state] salaries, and our currency is stable.

One problem is inflation, but the latest data show that our forecasts and predictions can be fulfilled: 11 percent for this year. The Central Bank's target of 6.5 percent of core inflation should be fulfilled.

Is the new Securities Commission strong enough to be effective in regulating the capital markets?

It could be stronger, and it should be stronger, but it can function. We're trying to increase its financing.

How much momentum do the reforms have at the moment, and is there enough enforcement to make them stick?

It's all about the ability and qualifications of people. [Reforms] have taken more time than we'd hoped, because we don't have enough qualified

people in important positions in companies, financial institutions and controlling institutions. But it's definitely beginning to improve.

Will the reforms continue after the elections? Some see a break in progress if the government changes.

The orientation of the Czech Republic will push any government to continue the reforms. The function of being members of [international organizations] limits domestic politics to some degree. So there's not much space for some strange experiment.

The question is how much time the government needs to realize [the reforms]. If a government of [our] orientation wins the elections, then [reform progress] will be faster.

WARMER WELCOME FOR INVESTMENT

The Czech Republic is offering more incentives in order to attract direct foreign investors.

For years, the Czechs have tried to compete on a "level playing field" enforced by former prime minister and hard-line free-marketeer Vaclav Klaus. His insistence that good macroeconomic fundamentals, political stability and an inexpensive, highly skilled labor market alone were enough to impress executives abroad kept his country on the sidelines while companies went to other investment havens.

Mr. Klaus's stubbornness has had its price. Investment dropped from \$2.5 billion in 1995 to \$1.39 billion in 1996, and to \$1.3 billion last year, according to statistics from CzechInvest, the state's foreign-investment marketing agency. This year's first-quarter investment of \$3 million is a mere trickle compared with the \$60 million that flowed into the country in the same period last year.

Ballooning trade deficit and investors' lack of interest, however, forced the government to make an about-face. Last year, the Klaus cabinet started putting together ad-hoc incentive packages for big-name companies such as General Motors and American chip-maker Intel.

The Czechs reportedly have already offered more than 300 million koruny (\$9.37 million) in perks as they pursue American chip-maker Intel and its \$500 million semiconductor plant. The incentives package includes a tax holiday through 2005, creation of a new duty-free zone, 40 million koruny in infrastructure subsidies, free or cheap land and a 140 million koruny interest-free loan for staff retraining.

Investment officials have recently passed crucial incentives package legislation they say will get them back onto the investment playing field. "We're now competitive with other Central European countries," says Radomil Novak, director of the investment-project department at CzechInvest.

Under the plan, the state will waive corporate taxes for five years and grant a tax bonus equal to the amount of money waived. It will also accelerate tax write-offs for machinery and equipment, waive customs duties on all new imported high-tech machinery and defer VAT payments.

Companies won't be able to enjoy some of the features until next year, but that's okay for investors such as Japan-based Toray Industries, which launched a \$150 million textile plant here last year. Matsushita, meanwhile, is busy developing its \$66 million Panasonic television plant in Brno's new development park. One high-tech investor, Taiwan-based First International Computers, has decided to build a \$100 million computer assembly plant, while Showa Aluminum is establishing a \$22 million car component plant.

Though the Czechs are offering their package to companies investing at least \$25 million, Mr. Novak says they have not forgotten the need for smaller investments.

"INVESTING IN THE CZECH REPUBLIC" was produced in its entirety by the Advertising Department of the International Herald Tribune. WRITER: Alex Friedrich in Prague. PROGRAM DIRECTOR: Bill Mahder.

FINANCE SECTOR STILL CLEANING HOUSE

Banks and investment funds should soon become answerable to the needs of investors.

The Czech government is trying to attract investors under the protection of recent banking and investment-fund legislation as well as the newly established Securities Commission, the country's capital markets watchdog organization. Together, the reforms should break the hold that banks and investment funds have had on industry through their cross-ownership.

"There has been a sea change here," says Howard Golden of the Manhattan-based Central European Privatization Fund. "People are taking reform seriously now."

Investors like Mr. Golden have been applauding Jan Müller and his Securities Commission, known as the SEC after its U.S. counterpart. He and his colleagues—the former chairman of the Prague Stock Exchange, Tomas Jezek, and the former head of the Securities Office, Frantisek Jakub—have frozen bank accounts, administered fines and put under forced administration a number of investment funds and brokers.

Backing up Mr. Müller is a newly passed amendment to

legislation on investment funds and companies that is designed to curb the powers of once-mighty fund managers by making them more accountable to minority shareholders.

Eric Volkman, a Raiffeisen Capital & Investment analyst, says funds' asset portfolios should also become safer and more diversified as they shed high concentrations of stakes and take on more bonds and foreign securities.

For the first time in years, funds are joining analysts' lists of stock favorites. Brno-based Atlantik Financial Markets has been recommending the investment funds RIF of Investiční a Postovní Banka's fund manager PIAS, SPIF Vynosovy of Ceska Sportelna's fund manager SIS, and the participation fund ZB-PF of Zivnostenska Banka's fund manager ZB-Trust, all of which have high discounts but are managed like Western funds.

New regulations are forcing banks to clean up their poor loan portfolios by more accurately classifying problem loans, increasing loan-loss provisions and more carefully evaluating the collateral backing loans.

Investiční a Postovní Banka is one of the first banks to start complying. Now that the state has sold off its 36 percent stake in IPB to the Japanese bank Nomura, Nomura has pledged to make the relationship between IPB and its investment fund manager PIAS "as transparent as possible," according to IPB's chief executive officer, Jan Klacek.

Like IPB, Komerční Banka is preparing itself for new retail clients—including those that will use euros, and not Czech koruny, when

the country eventually joins the European Monetary Union. "We have to be ready," says Komerční's European Union advisor, Michal Tomasek.

European integration is also providing new challenges for the Prague Stock Exchange. Its newly elected chairman, Petr Budinsky, a deputy chief executive officer at Komerční, has pledged to make the markets more liquid and transparent by overhauling bourse regulations and pushing more off-market dealing onto the exchange.

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WORLD ROUNDUP

Noe Gains Victory

CYCLING Andrea Noe gained his first career victory Wednesday when he won the 11th stage of the Tour of Italy.

Noe, an Italian with the Asics team, finished seven seconds ahead of countryman Marco Pantani.

Noe completed the 220-kilometer (136.5-mile) course from Macerata to the mountain republic of San Marino in 5 hours, 12 minutes, 20 seconds. Noe had shared the lead with Chepe Gonzales over the final five kilometers, but he dropped Gonzales on the final uphill stretch and held off the pursuing Pantani, a noted climber.

All the top riders finished close behind, and Alex Zülle retained the overall leader's pink jersey. He is five seconds ahead of Michele Bartoli and 50 seconds in front of Luc Leblanc, with Pantani also within a minute of the lead. (Reuters, AP)

Fleming Rallies Kiwis

CRICKET Stephen Fleming hit 78 Wednesday as New Zealand reached 282 runs for seven wickets on the first day of their test against Sri Lanka in Colombo. (Reuters)

WAC Splitting in Half

COLLEGE The Western Athletic Conference, the largest in U.S. college sport, is on the verge of splitting in half.

Eight of the 16 WAC schools announced plans to form their own league, citing a loss of traditional rivalries, rising travel costs and insufficient revenue growth.

Air Force, Brigham Young, Colorado State, Nevada-Las Vegas, New Mexico, San Diego State, Utah and Wyoming said they plan to form a new conference immediately.

The schools not leaving the WAC are Fresno State, Hawaii, Rice, San Jose State, Southern Methodist, Texas Christian, Texas-El Paso and Tulsa.

The NCAA, which runs U.S. college sport, agreed Tuesday to revise policies that the Justice Department said annually prevented hundreds of students with dyslexia and other learning disabilities from playing college sports and getting scholarships. (AP)

FIFA Can't Agree on Vote

SOCCER The executive committee of FIFA, the governing body of world soccer, failed to agree Wednesday on the voting system to be used when FIFA elects a successor to president Joao Havelange at its congress in Paris on June 8.

Havelange said the congress would have to decide. He said he would prefer that each national delegation send one member to vote in a voting booth but that committee members from Africa and Oceania had called for each delegation to choose whether to vote in a booth or at their seats in the congress hall.

Sepp Blatter, the FIFA secretary-general, and Lennart Johansson, the UEFA president, are the two candidates for the presidency. The committee admitted six members: Palestine, Mongolia, Eritrea, Turks and Caicos, the U.S. Virgin Islands and American Samoa. (Reuters, AP)

Trying to Play Tennis
Amid Fires Back Home

Indonesian Women Struggling at Open

By Christopher Clarey
International Herald Tribune

PARIS — There were youngsters in every cranny and nook of Roland Garros on this soggy Wednesday. It was children's day: an annual occasion high on enthusiasm and low on decorum. "Vey-noose," chanted "Vey-noose" for Venus Williams as she crushed Ai Sugiyama of Japan. Boys tried to keep concrete barriers on Court Central to get a better seat; girls lined up for the autograph of the handsome Swede, Thomas Enqvist.

But inside the players' lounge, a young Indonesian named Wynne Prakusya had weightier matters on her mind. Twelve days earlier, Prakusya, a finalist in the junior girls event at this year's Australian Open, had sat in her hotel room on the 17th floor in downtown Jakarta and watched as smoke rose from the buildings and vehicles below. Indonesia's capital was in the midst of protests that brought down the country's longtime ruler, President Suharto.

"Things were so bad, so scary — there was burning, burning, burning everywhere," the 17-year-old said.

Buildings were not only burning in Jakarta. Approximately 400 kilometers (250 miles) east in Prakusya's home city, Solo, her grandmother's house and sporting-goods store were also in flames. Prakusya's family is part of the ethnic Chinese minority in Indonesia which was the main target of the looters.

One of the objects missing is the 10-pound (4.5 kilogram) trophy that Prakusya received for winning a women's satellite event in Dubai recently.

"I was like so mad," she said. "It was my first trophy in a seniors event, and now it's gone."

Prakusya said none of her family members were injured during the rioting and that her parents' property escaped serious damage, although an aunt's home was looted. Prakusya said her father, an agent for a cigarette company in Java, her mother and siblings all had fled to Singapore. Her grandparents remain in an Indonesian hotel.

Although the violence has abated and Suharto has resigned, Prakusya is concerned.

"I feel sorry for the country because they have gone back thirty years," she said. "I worried for my family because

they are Indonesian and they are Chinese, but every time I call them, they say, 'It's OK — just play there and play your game and don't think about home.'"

Because of the rioting, Prakusya had to delay her flight to Europe. She spent the week back home wearing dark sunglasses whenever she ventured out in public. "People are looking at your eyes, trying to see if you look Chinese," she said.

She arrived in Paris on Monday and will play in next week's junior event at the French Open. She is preparing with her new mentor, Yayuk Basuki. Basuki, the best of Indonesia's tennis-playing women, reached the fourth round at Wimbledon last year but lost in the first round in Paris on Monday.

Basuki, an ethnic Indonesian, has been working with Prakusya since the Australian Open. She spent a nervous night waiting by the telephone in Berlin, where she was playing a tournament, when her family in Jakarta lost contact with her older sister, Mamiek, amid the rioting.

"It turned out that all the telephones were shut down in her office, so she couldn't call anyone, and she didn't feel it was safe to come home by herself," Basuki said.

Basuki owns property in Indonesia but moved most of her money out of the country last year because of fears about its economic stability. She is not certain when she will return.

But she is certain of this much: no matter how Prakusya's eyes look underneath her sunglasses, they are equally Indonesian.

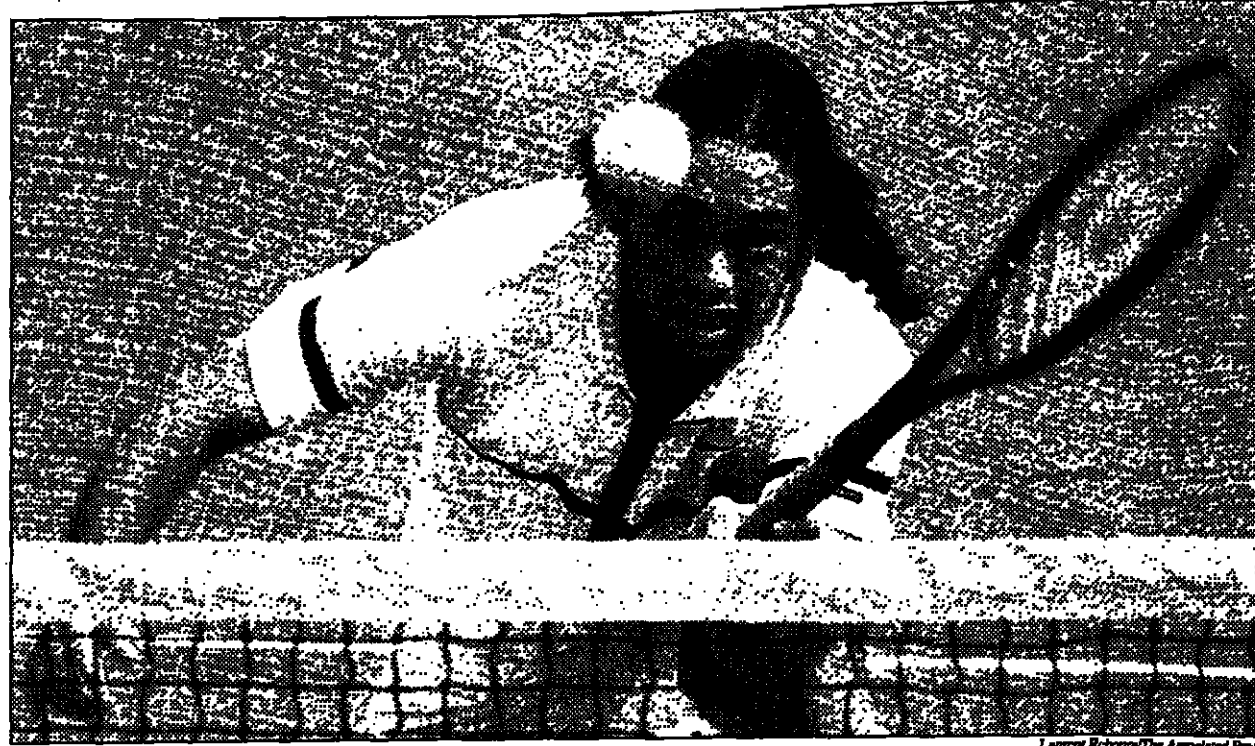
"I was born there," Basuki said. "She was born there."

Thursday's Top Matches

Gustavo Kuerten (8) vs. Marat Safin Last year's surprise meets this year's surprise.

Yevgeni Kafelnikov (6) vs. Thomas Enqvist Can Enqvist, a longtime Grand Slam underachiever, overachieve against the former French Open champion?

Nicolas Pietrangeli vs. Thomas Muster After a rain delay, Muster tries to delay Kiefer's rise on Court Suzanne Lenglen, where youth has reigned.



Marcelo Rios keeping his eye on the ball Wednesday as he volleys against Emilio Alvarez in the French Open.

Another Giant-Killing: Sampras Out

By Christopher Clarey
International Herald Tribune

PARIS — When it ended in the gloaming on the sort of heavy red clay that Roland Garros was once famous for, Ramon Delgado was facing the net with a Paraguayan flag in his hands, and Pete Sampras was facing a long, uncomfortable plane ride home.

For the second straight year, his dream of winning the French Open had ended against a relative unknown on the Suzanne Lenglen court. Last year, Magnus Norman, a Swede, upset Sampras in the third round. This year in the second round, it was the 97th-ranked Delgado's turn to make a reputation at the number one's expense by winning 7-6 (8-6), 6-3, 6-4 on Wednesday.

"I knew he could play; all these guys can play," said Sampras, who had struggled to beat Delgado in two tiebreakers in a tournament in Atlanta earlier this month. "This is the toughest major to win by far. There are no easy matches. There are only so many good grasscourt players, but there are so many good claycourt players."

Sampras has won 10 Grand Slam singles titles, none of them on the Parisian clay. In nine appearances at Roland Garros, his best performance was reaching the semifinals in 1996.

"I don't look at it as an obsession," said Sampras, who will be 27 when he returns here next May. "That's not my personality, but I think of it as a challenge. I'm going to do everything I can to win one time here. Each time I come back I'm one year older, but I'm not anywhere close to done with tennis. I'm looking at a lot of good years ahead of me. But every year you lose, you do think of it as a missed opportunity."

Wimbledon might be better known for its foul weather, but foul weather has a greater impact on matches at the French Open. Sampras led 4-1 in the opening set when showers forced the match to be suspended. Conditions on court were already slow and heavy, but when he and Delgado returned two hours later, it was even more difficult to make the ball accelerate.

"The conditions are unbelievably heavy," Sampras said. "The balls are a little softer than last year. It's tough to put the ball away out there."

Sampras could have made it easier on himself by converting on the break point he had on Delgado's opening service game, but he failed to take a 5-1 lead and before he knew it, he was in a tiebreaker, which Delgado won with a backhand winner down the line after Sampras's return struck the tape and landed short. The irony was that for all Sampras's

power and attacking weapons, it was Delgado, 21, who was more aggressive under pressure.

When he served for the match approximately one hour later, Delgado pushed forward again. At 30-15, he came to net and hit a forehand volley that Sampras reached but struck into the net on the run. At 40-15, Delgado came in again. This time, Sampras's backhand passing shot struck the tape.

"I just told myself that I had worked all my life for this and at this moment I had to go for it," Delgado said. "I spoke to my family last night, and they said the whole country was waiting for this match. Maybe they're happy like me now."

It was the biggest victory for a Paraguayan over an American since 1987 when Victor Pecci led a Davis Cup ambush of the United States in Asuncion.

Delgado's victory was the second victory for a little-known South American on the same court in 24 hours. On Tuesday evening, Argentina's Mariano Zabaleta upset No. 2 seed Petr Korda.

But not every South American winner on the L'englen court Wednesday was an unknown. Earlier, Marcelo Rios, the No. 3 seed and top remaining men's seed, beat Spain's Emilio Alvarez 6-4, 6-2, 6-2. If Rios reaches the final he is certain of taking over world No. 1.

18-Year-Old Strikes as England Beats Morocco

Compiled by Our Staff From Dispatches

CASABLANCA, Morocco — Michael Owen scored the first senior international goal of his career to give England a scrappy 1-0 victory over Morocco on Wednesday.

The 18-year-old striker scored after excellent play by Sol Campbell and Steve McManaman after 59 minutes.

Owen turned past Abdelkarim El Hadrioui and then ran 20 meters before placing the ball past the goalkeeper, Driss Benzekri.

Morocco, which will play in the same World Cup group as Brazil, showed some nice touches but its finishing was poor.

South Korea 2, Czech Republic 2

South Korea recovered from a two-goal deficit to draw, with the Czech Republic in Seoul.

Jiri Nemec and Vratislav Lokvenc put the Czechs, who failed to qualify for the World Cup, ahead by 2-0

WORLD CUP COUNTDOWN

at halftime. Hwang Sun-hong scored from a rebound and Choi Yong-soo equalized after a goal-mouth melee.

Norway 6, Saudi Arabia 0 Norway thrashed its fellow World Cup finalists in Molde, Norway. Ole Gunnar Solskjaer scored twice, Kjetil Rekdal, Egil Ostenstad, Tore Andre Flo and Roar Strand once each.

CROATIA Miroslav Blazevic, the Croatian coach, sent Igor Cvitanovic home after the attacker refused to run a few extra training laps, a Croatian newspaper reported Wednesday.

"I was exhausted," Cvitanovic said. "It seems some can have the luxury of being worn down, and I obviously can't."

Davor Suker, Zvonimir Boban and Robert Jarni were spared extra laps Tuesday after complaining they were worn out from a hectic club season.

SCOTLAND Andy Gorm, the Scotland goalkeeper, flew back to Britain on Wednesday after quitting the team, just 15 days before the World Cup opener against Brazil.

Gorm, 34, said he was retiring from international soccer because of tabloid reports about his private life.

Gorm, who has made 43 appearances for Scotland, had been set to play in a warmup against the United States in Washington on Saturday.

The starting role goes to Aberdeen's Jim Leighton. Celtic's Jonathan Gould has been added to the squad.

Gorm played last season for Glasgow Rangers. He has long been a favorite of the tabloids, which have described what they call his "wild man" lifestyle. The latest story claimed he had an affair with a former employee of Celtic, Rangers' local rival. (AP, Reuters)

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

Team	W	L	Pct.	GB
New York	38	10	.788	0
Boston	29	20	.592	9
Toronto	27	24	.529	11
Tampa Bay	22	27	.449	14 1/2
Baltimore	23	28	.451	15

CENTRAL DIVISION

Team	W	L	Pct.	GB
Cleveland	29	21	.580	0
Minnesota	22	27	.449	8
Detroit	19	28	.404	8 1/2
Chicago	19	29	.396	9
Kansas City	18	31	.367	10 1/2

WEST DIVISION

Team	W	L	Pct.	GB
Texas	31	18	.633	0
Arizona	22	24	.479	6
Seattle	23	28	.451	9
Oakland	21	29	.420	10 1/2

NATIONAL LEAGUE

Team	W	L	Pct.	GB
Atlanta	38	14	.731	0
New York	27	20	.574	6 1/2
Philadelphia	23	25	.479	12
Montreal	18	32	.360	19
Florida	17	34	.333	20 1/2

EAST DIVISION

Team	W	L	Pct.	GB
Atlanta	38	14	.731	0
New York	27	20	.574	6 1/2
Philadelphia	23	25	.479	12
Montreal	18	32	.360	19
Florida	17	34	.333	20 1/2

CENTRAL DIVISION

Team	W	L	Pct.	GB
Atlanta	38	14	.731	0
New York	27	20	.574	6 1/2
Philadelphia	23	25	.479	12
Montreal	18	32	.360	19
Florida	17	34	.333	20 1/2

WEST DIVISION

Team	W	L	Pct.	GB
Atlanta	38	14	.731	0
New York	27	20	.574	6 1/2
Philadelphia	23	25	.479	12
Montreal	18	32	.360	19
Florida	17	34	.333	20 1/2

TUESDAY AMERICAN LEAGUE

Team	W	L	Pct.	GB
Tampa Bay	002	011	.152	14 1/2
Oakland	000	000	.000	2 1/2
Arizona	001	000	.500	0
R. Hernandez (7) and D. Fellece (C) vs. J. Rodriguez (7) and J. Rodriguez (C)				

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2
St. Louis	000	000	.000	5 1/2

TUESDAY NATIONAL LEAGUE

Team	W	L	Pct.	GB
San Francisco	000	000	.000	5 1/2
Chicago	000	000	.000	5 1/2
San Diego	000	000	.000	5 1/2
Los Angeles	000	000	.000	5 1/2

ART BUCHWALD

More Big Guns for All

WASHINGTON — Every time you turn on the news, you see groups of well-armed men in different countries shooting at each other. The thought must occur to others, as it has to me, "Where do these people get their lethal weapons from?"

Don't look further than the United States, which is the biggest merchant of death in the world — twice the size of any other major power. Some figures show it sold \$11.5 billion worth of weapons — up 23 percent from the year before.

Ordinarily this would be a problem except that there are conflicts of interest within our government. For example, the Pentagon sells enough guns and war supplies to set the capital of any nation on fire. The State Department's role is to extinguish that fire.

Uneasy Lies a Crown: Return for Miss Korea

WASHINGTON Post Service
SEOUL — South Korea will stage its Miss Korea pageant on Saturday because a computer malfunction apparently caused the wrong woman to be crowned on national television last Saturday night. The computer system designed to quickly tally the results skipped one of the judges, and viewers all over South Korea were talking Tuesday about the embarrassing episode. The 20-year-old winner, Choi Ki Hyun, has lost her tiara, but she'll be back in competition Saturday. And the judges may resort to paper and pencil.

The conversation between the two goes something like this:

The Deputy Secretary of Peaceful Negotiations at the State Department calls the Deputy Secretary of Pentagon Big Bangs and says, "I hear that you just sold \$10 million worth of land mines and flame-throwers to the Republic of Doggerel."

"Yes, we did," says the Pentagon secretary. "It was a tough sale because Doggerel terrorists wanted nuclear warheads on their flame-throwers and so did the government troops they are fighting."

"See here, we've been working for a cease-fire in Doggerel for three years, and since both sides were running out of ammunition we almost had it. Now with a new supply of weapons they will be at each other's throats again."

"The Pentagon does not allow peace negotiations to interfere in its arms sales program. Our job is to get rid of everything we have so we can buy more equipment. Without our big-spending customers we would be a third-rate power."

"Why have you sold so much stuff to the Middle East?"

"Why don't you people at State get real?"

"Because some of us over here believe that selling fighter planes to China can disrupt relations with India. This could eventually force us to intervene and send our troops into Bangladesh."

"It doesn't matter what you believe. Our arms clients are our friends, and we'd rather they, and not the other side, have our weapons."

"What other side?"

"The ones that just bought our helicopters."

By Ralph Blumenthal
New York Times Service

NEW YORK — A zealot-riddled Jerusalem just a bomb blast away from Armageddon may be a hard act to follow. But now that his acclaimed literary thriller "Damasus Gate" is ensconced on the best-seller lists, Robert Stone is mulling over his next book. It might be something about Alaska. It might be a comic novel. It might conceivably tackle New York City.

"I want to come home," Stone said over a celebratory dinner in Manhattan, an interlude wedged in to a busy day of readings and publicity appearances during a nationwide book tour. "I may not frankly love every minute," he added, "but I sense it's where I belong."

He has not exactly disdained his hometown. His first book, "A Hall of Mirrors," about New Orleans, came to him while he was living on the Lower East Side in the 1960s. And New York figures in a quasi-autobiographical short story, "Absence of Mercy," about a good Samaritan who comes to the aid of a terrorized woman on a subway platform.

"But wherever I came from, authenticity was somewhere else," he said. "I went off in search of authenticity."

So "A Hall of Mirrors," published in 1964, drew on experiences gathered during an extended welfare-budget honeymoon in New Orleans, a caldron of a city that he peopled with skid-row outcasts and shadowy rightist conspirators. A free-lance reporting trip to South Vietnam in 1971 furnished the backdrop for his second novel, the award-winning "Dog Soldiers" (1973), a corrosive tale of heroin smuggling and American betrayals.

"A Flag for Sunrise" (1981) was set in another exotic war zone, an ersatz Nicaragua convulsed by bestial civil war. "Children of Light" (1986) took on Hollywood through the pitiless lens of doomed lovers on a Baja movie set. "Outerbridge Reach" (1992) set a prototypically

rootless Stoneian hero adrift on a cruel sea that swallows him.

"Damasus Gate," Stone's exegesis of the fevered obsessions that overlap and collide in the holy city, follows a conflicted half-Jewish lumpen-journalist, Christopher Lucas, as he researches a book on messianic delusions, while trying to puzzle out where his own loyalties lie. In the process, he stumbles across a diabolical plot to blow up Muslim shrines as a means to hasten the coming of the Messiah or the Last Judgment.

"I was trying to make the end funny," said Stone. "In life, it happens all the time."

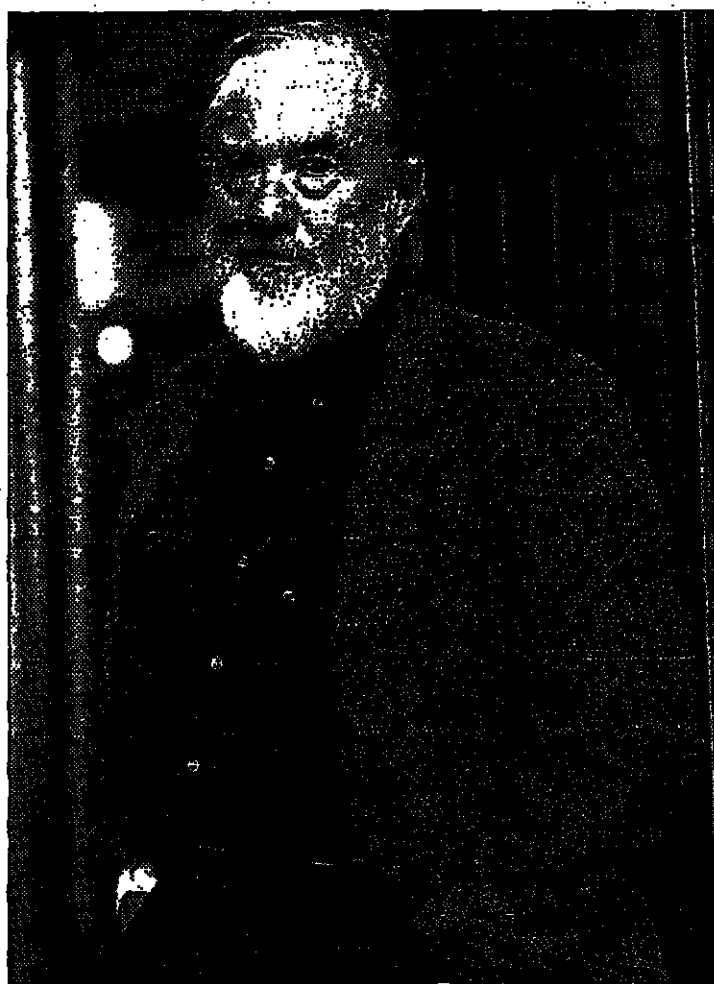
But frighteningly, he said, four such terrorist conspiracies have actually been foiled in recent years. Still, he said, even after seeing the strife up close and being trapped in an *intifada* riot, a scene he renders graphically in the book, "I'm not completely pessimistic."

Clearly, however, his sympathies lie with the ousted Labor Party against the current Likud government of Prime Minister Benjamin Netanyahu. But Stone rejected one reviewer's critique that his book lacked moral weight by equating Israeli and Arab evils. "I do have a moral perspective," he said. "A Palestinian state is a gamble. It could be a center for Islamic revival. But there's no alternative, because they're there."

Reviewers have long praised Stone's ability to create richly detailed settings of hallucinatory or surrealistic sharpness, along with gritty verisimilitude. "Damasus Gate," in particular, many said, hauntingly conveyed the strange volatility of millennial Jerusalem, a considerable feat for an outsider. How did Stone achieve it?

"I don't take a lot of notes," he said. "I absorb what I see. I don't remember details. You don't have to copy down like mad if you just get details right."

Some of those details on warring religious sects and their biblical origins came from research at the Yale Divinity School library, he said.



Robert Stone: "I absorb what I see. I don't remember details."

(He teaches an undergraduate writing seminar at Yale.) Other details came from clever recycling. A Zen-like sign he once glimpsed in a G.I. bar in Saigon, "There Is More Information Available Than There Is Stuff Loose to Know About," did duty again in "Damasus Gate" as a metaphor for inscrutability in the embattled holy city.

His strained childhood also surfaces in various ways in his work. He was born in Brooklyn. His father abandoned the boy to his mother, a sweet soul tormented by

been the same sort of writer if I'd had nothing more than a couple of martinis," Stone said.

Still, terrifying images abound in his works. Stone said he worked through repeated revisions on his computer to create what he called the book's "white space" and "undertone." "There's an aura you have to be in control of," he said. "It's the relationship of words, like levels of interpretation of Torah."

"A novel," he said, "should be as much like a poem as possible."

Can he teach this to his students at Yale? Can writing be taught at all? "Of course not," he said. "You can make undergraduates and guide them. You can tell them what works and what doesn't. But unfortunately, you can't teach anyone to write. It comes from God." He said he learned to write "the old-fashioned way, I learned from reading."

He credits Conrad with teaching him how to construct a novel, and Dos Passos for bequeathing him the technique of setting different characters in play on seemingly parallel tracks that then converge, causing their lives to intersect.

He does not resent going on the hustings to plug his book or begrudge the travel time away from his writing desk, he said. In fact, he rather enjoys it.

"It's kind of wearing to go from city to city to explain myself," he said in a voice too gentle for his rugged visage. "But I've been a writer's writer for so long. I'm enjoying the notoriety."

He was only too willing, he said, to go "bang on a pot" for his book. His conscience was clear. "No one would say I've gone commercial."

As for what was next, he said. "One of the things I'd like to write is a comic novel." He said he was also considering a novel about Alaska in the 1930s, although he said, "it might not be the next thing."

"I'm going to run a river in Alaska. I've narrowed it down to two." Wasn't Alaska a bit remote and empty for his kind of fiction? He smiled. "Oh," he said, "my characters will end up in difficulties."

PEOPLE

THE South African playwright Athol Fugard has withdrawn his new play, "The Captain's Tiger," from an off-Broadway theater to protest its decision to drop a play by Terrence McNally that depicts a Christ-like figure as gay. The Manhattan Theater Club says it canceled McNally's "Corpus Christi" last week because of threats of violence against the theater and the playwright. "This became an issue of safety, not censorship," said Lynne Meadows, artistic director of the Manhattan Theater Club. She said anonymous telephone callers had threatened to burn down the theater, kill the staff and "exterminate" McNally if the play was performed. Many of McNally's plays have originated at the theater and "Corpus Christi" was read there last month. The script apparently made references to the Christ character, named Joshua, having sex with his apostles. Fugard said that he was "shocked and deeply disturbed" by the cancellation of the work and that apartheid in his native country had "taught me what freedom of speech really means." McNally has won Tony Awards for his plays "Master Class," "Kiss of the Spider Woman" and "Love! Valour! Compassion!"

Chicago has squashed plans by the Smashing Pumpkins to stage a free summer concert in the rock

band's hometown. City officials said the show, planned for July 7 at Grant Park, would probably attract 100,000 people — twice as many as the lakefront park could safely hold. The date is the band's 10th anniversary. "It's one of the biggest heartbreaks I've ever had in my life," said Billy Corgan, the group's singer and guitarist. One of the few venues that could handle the crowd, Soldier Field, apparently was unavailable on such short notice, Corgan said.

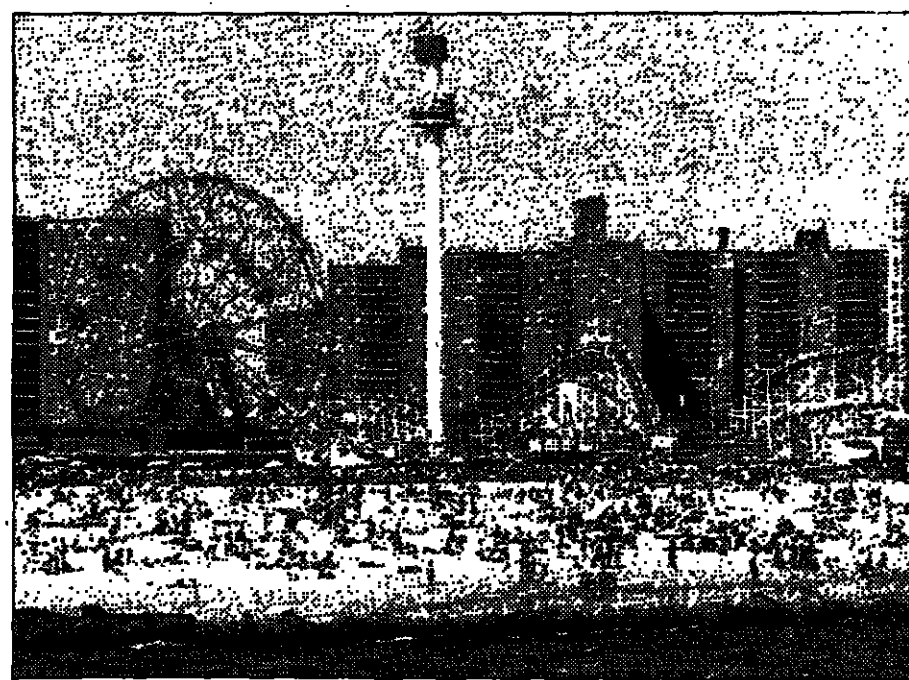
Photographs of Frank Sinatra — and even his first baby picture — are on display this week in Las Vegas in an exhibit at the MGM Grand Hotel-Casino. Its opening kicked off a week of activities in tribute to Sinatra, including a celebrity golf classic and a star-studded gala Saturday evening. The events, which were planned months ago, will raise money for centers that treat abused children and help pregnant teenagers.

A man who served six years in prison for menacing President Gerald Ford was charged with sending death threats to the infamous radio "shock-jock" Howard Stern. Michael Lance Carvin was accused of sending postcards, letters and packages

containing explicit threats against Stern and his wife, Alison, the Daily News reported.

The actress Louise Fletcher, best known for her Oscar-winning performance as Nurse Ratched in "One Flew Over the Cuckoo's Nest," has been charged with reckless driving. Fletcher, 63, allegedly struck a police officer who had stopped his cruiser to remove a deer carcass from a road in Leesburg, Virginia. His legs were injured and he was hospitalized.

A plan to honor Diana, Princess of Wales, with a memorial garden near her Kensington Palace home drew criticism at a public meeting on the project. A permanent memorial would be "tacky," said Brian Sewell, a local resident and art critic. A government committee said it favored establishing a 16-acre (6-hectare) garden that would accommodate about 5 million visitors a year. But some residents of the stylish district feared the tourism would increase congestion, as happened after her funeral in September. The area became an impromptu shrine where people left thousands of flowers, messages and toys.



UP AND AWAY — The Coney Island boardwalk in New York celebrates its 75th anniversary this year, hoping to recreate the glories of its heyday in the 1920s and '30s.



(put on a happy face)

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Egypt (Cairo)	510-0200	Italy	172-1011	Switzerland	800-81-0011
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